

EUROPEAN NEWS

Ecology party to fight W. German general election

BY JONATHAN CARR IN BONN

A NEW countrywide political party is to be formed in West Germany in January. As a result, Chancellor Helmut Schmidt's coalition may find it harder to win next autumn's general election.

The new movement will be called "die Grüne" or "the Greens" to emphasise its support for environmental protection.

At a meeting in Offenbach, Hesse, at the weekend, more than 1,000 members of various ecological and protest groups agreed to band together at federal level and put up candidates in the 1980 election. A motion which would have banned Communist participation was narrowly rejected.

While the party is expected to be constituted formally at a congress in January, it is widely felt that its organisers will have difficulty holding it together.

Supporters include those primarily opposed to nuclear power, those disappointed with progress on environmental protection in general, and those simply protesting against what they feel to be the policy failure of the major parliamentary parties.

Herr Herbert Grubel, one of the founders of the Greens and a former member of the Christian Democrats (CDU), said the aim was to be "neither to the Left, nor to the Right, but out in front."

The threat of the new party is being taken seriously by the Social Democrat-Free Democrat (SPD-FDP) coalition in Bonn. Few feel the Greens are likely to attract the 5 per cent voter support needed to permit representation in the Federal Parliament—although environmentalists managed to cross the 5 per cent hurdle in recent elections in the city-state of Bremen.

The Government feared, rather, that the group might tempt away enough dissatisfied SPD-FDP voters to tip the balance next year in favour of the opposition CDU and its sister party the Christian Social Union.

The danger is particularly acute for the FDP, which gained only 7.9 per cent support in the 1976 general election and is relatively dependent on the floating voter. The situation has been exacerbated by the formation of the "Citizens Party" led by Herr Hermann Fredersdorf, a former SPD supporter whose demands for tax reform could win a few percentage points as the election approaches.

Orders begin to pick up

BY ROGER BOYES IN BONN

WEST GERMAN order books have started to improve after the summer lull, but industrial production marked time during September.

Statistics released yesterday by the Economics Ministry show a 7.5 per cent increase in overseas orders to manufacturing industry in September compared with August. This helped to compensate for a 1 per cent drop in domestic demand during the same period.

In a two-month comparison (August-September against June-July), there was an overall drop of 2.5 per cent in orders. Consumer goods shortfalls contributed strongly to this—orders fell by 3.5 per cent compared with June-July.

Output of semi-finished goods remained unchanged in September compared with August (although output for August-September 1979 was 5.5 per cent up on the same period last year) and output in manufacturing industry showed a 1 per cent rise. There were significant shortfalls in the construction-related industry in September (down by 4.5 per cent from August) and in the mining sector (a drop of 7 per cent).

A two-month comparison shows a 2 per cent drop in output of semi-finished goods compared with June-July this year but this gives an overly pessimistic view of the situation. A large part of the holidays fell in August this year rather than July. Similar problems faced manufacturing industry which showed a 3 per cent drop in output

Cardinals to discuss Vatican finances

By Paul Betts in Rome

IN GREAT secrecy and for the first time in 400 years, 113 Cardinals assembled yesterday for a four-day consistory of the Sacred College of Cardinals summoned by Pope John Paul II.

It reflects the Pope's intentions of maintaining closer contacts with his Cardinals and giving the Roman Catholic Church a more collegial form of leadership. Indeed, he appears to want to encourage greater dialogue within the Church hierarchy, and the consistory is expected to become an annual event.

The Vatican has so far released only the barest of details on the consistory, which normally only assembles to elect a Pope. But the main issues on the agenda are the general role of the Church in the modern world and the controversial subject of Vatican finances.

Great attention is being focused on finances as the Vatican is reported to be moving gradually towards making its accounts public. Its finances have inevitably attracted considerable interest and speculation. In recent years, they have also been the subject of repeated controversies in Italy in view of reported Vatican dealings with Sig. Michele Sindona, the fugitive Sicilian financier, who faces charges of fraudulent bankruptcy in the U.S.

Despite its considerable assets in works of art and property, the Holy See claims it faces increasing financial difficulties. One unconfirmed report put losses last year at £20bn (about \$11bn).

The Sacred College is expected to discuss Vatican attempts to secure "foreign bank" status in Italy, which has so far been refused by the Government. Approaches are also understood to have been made to one of the "big eight" international auditing firms about investments and financial strategy.

As the first of its kind in 400 years, the four-day assembly is not expected to reach any final decisions in view of its clearly experimental character.

Boulin successor expected tonight

BY ROBERT MAUTHNER IN PARIS

A NEW French Labour Minister is expected to be nominated tonight in succession to M. Robert Boulin, who committed suicide last week after Press allegations of irregular property deals affecting a plot of land he had bought.

There was some speculation that President Giscard d'Estaing might take advantage of the occasion to reshuffle the Cabinet. But most commentators believe that while more sweeping Ministerial changes are certainly in the offing, they are more likely to be made in three or four months time.

It is widely believed, M. Boulin was the President's first choice as an eventual replacement for M. Raymond Barre, the present Prime Minister, then M. Giscard would probably want more time to think about finding another suitable candidate.

The French President does not like to make hasty decisions. The appointment of a new Prime Minister and Government must be carefully timed, to have the greatest possible psychological impact on the next Presidential election, due in the early spring of 1981.

M. Giscard has left Paris for his residence in the Auvergne where, his aides say, he will study during the next 48 hours the dossiers for forthcoming international meetings.

These concern his talks with Mrs. Margaret Thatcher, the British Prime Minister, in London, and the European summit in Dublin. But many French observers believe the President will devote as much time to preparing his strategy for dealing with the national malaise caused by the Boulin affair, as to international problems.

The political waves provoked by M. Boulin's suicide show no signs of subsiding. The Gaullist RPR Party, whose leader is M. Jacques Chirac, the former Prime Minister, yesterday "indignantly rejected" widespread allegations that it was behind the campaign to discredit M. Boulin.

David White adds: French air services are likely to be severely disrupted for the rest of this week—particularly today and on Thursday—because of strikes by air traffic controllers and airline employees.

Angry passengers at Orly Airport yesterday locked officials in an office in protest against delays caused by the traffic controllers who have been stopping take-offs for two hours every day.

Unions have called for tougher action to press home their campaign to alter working conditions, while the Transport Ministry has condemned the strikes as illegal.

Hua backs new NATO missiles in Europe

By Rupert Cornwell in Rome

THE CHINESE leader, Chairman Hua Guofeng, yesterday applauded the reported readiness of Britain, Italy and West Germany to authorise installation of new NATO nuclear missiles before beginning fresh arms cut negotiations with the Soviet Union.

He made his views clear during talks yesterday with Sig. Sandro Pertini, the Italian President, at which he was otherwise fairly muted in his criticism of Moscow, referring merely to the need to maintain strategic balance in the interests of peace.

Yesterday afternoon, economic officials in the two delegations began a fresh round of talks, which will aim at completing the expansion of Sino-Italian trade. Italy has already expressed willingness to enlarge the \$1bn eight-year credit line to Peking, while Fiat is among a number of Italian companies set to participate in the development of the Chinese economy.

Italian banks were closed yesterday by a nationwide strike of employees seeking a new contract, AP reports from Milan.

Union refuses to accept AEG redundancies

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY'S powerful metal workers' union has warned that it will not tolerate big redundancies as part of the price of rescuing AEG-Telefunken, the country's second largest electrical group.

The Federal Republic's banks and AEG's management are trying to put together a plan to bail-out the company as it approaches the end of another year of heavy losses. Last year the group lost DM 337m (\$56.85m)—almost 10 times as much as 1977's DM 36.4m deficit.

Part of the bank's rescue plans—which are believed to include a write-down of AEG's DM 30m share capital, coupled with a large cash injection—are understood to be a reduction of up to 20,000 in its 122,000 labour force.

However, in an interview with the news weekly Der Spiegel, Herr Georg Benz, a senior union official, said: "We have already made it clear that we are not prepared to accept redundancies on this scale."

Herr Benz attacked Herr Walter Cipa, AEG's chief executive, whose style of leadership, he said, consisted of hitting out in all directions. "Herr Cipa is primarily responsible for the fact that the workers were

never kept properly informed and, naturally, also for rescue concepts with which they cannot work."

He called on the Federal Government to take a financial stake in the ailing concern—at the cost of "a couple of hundred million Deutsche Marks." This, however, runs contrary to the basic philosophy by which the country has been governed.

Asked if Herr Cipa's days were numbered, he replied: "Managements come and go. The main tragedy is the blue and white collar workers who are thrown out on the street."

Soviet moves against dissent

By David Satter in Moscow

THE SOVIET group monitoring observance of the Helsinki accords said yesterday that the authorities have embarked on the "complete suppression" of the democratic, religious and nationalist movement in the Soviet Union.

At a news conference at the home of Dr. Andrei Sakharov, the Nobel Peace prizewinner, the group's members said that the arrests of Aleksandr Velikunov, an organiser of the underground "Chronicle of Current Events," Fr. Gleb Yakunin, head of a committee to defend the rights of religious believers, and Antanas Terleckas, a Lithuanian nationalist, opened a new phase in the campaign against dissent.

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By-election test as Lynch flies to U.S.

BY STEWART DALSY IN DUBLIN

THE IRISH Prime Minister, Mr. Jack Lynch, flies off for his eight-day visit tomorrow at a time when his popularity could be tested by two by-elections in his native Cork.

On Wednesday, the electors of Cork North-East and Cork City, which are separate constituencies, are due to elect two new TDs (MPs), owing to deaths. Ireland has a system of proportional representation under which each constituency elects four members to the Dail.

Usually, any number of candidates can stand and often several from each party do so. In these by-elections, however, only one member will be elected each time. For Cork City, there will be one nominee only from the ruling Fianna Fail Party, one from Fine Gael and one from the Labour Party, the third main constituency party.

In Cork North-East, the Labour Party is not running, but a member of Sinn Fein-Workers' Party is standing. Fianna Fail hopes to gain both seats. It held Cork North-East before the death of Mr. John Brosnan, his son, also Mr. John Brosnan, is the Fianna Fail candidate. In Cork City, the former member was Mr. Pat Kerrigan, a popular Labour Party figure. The Fianna Fail candidate is Mr. John Denchey. Cork City is also the constituency seat of Mr. Jack

Lynch. In the 1977 General Election, Mr. Lynch gained over 20,000 first preference votes, which out of a total possible vote of just more than 100,000, was considered a landslide.

Mr. Lynch has been campaigning hard on Mr. Denchey's behalf, as have other Fianna Fail Ministers, because the polls will be seen as an important indicator of the Government's dismal showing in the European election last June.

Then, it won only four of the 15 seats. In Munster, in which both the Cork constituencies are Fianna Fail's, its share of the popular vote fell from 54 per cent in the General Election to only 38 per cent.

Northern Ireland will be a major topic during Mr. Lynch's visit to the U.S., but the polls say it is barely an issue in Cork. Victory will certainly hinge on economic problems.

Fianna Fail was swept to victory in the 1977 General Election by promising to cut taxes, increase credit, and create more jobs. Initially, it fulfilled some of these promises.

In the wake of the oil price rises, and industrial unrest, which has made for inflation of 15 per cent, the Government has had to tighten credit, and watch its spending. Food price rises and shortages of mortgages has made it unpopular

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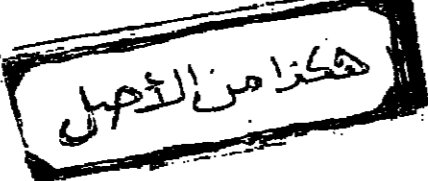
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TEHRAN: SEIZURE OF THE EMBASSIES

Zealots' action highlights divisions in the regime

BY ANDREW WHITLEY

THE OCCUPATION OF THE U.S. and British embassies in Tehran threatens to precipitate the gravest crisis so far between the Iranian Islamic Republic and the Western powers.

radio broadcast a statement from the organisers of the occupation of the U.S. Embassy urging the take-over of other embassies, such as that of Britain, so as not to allow this powerful and genuine process which is going to terminate imperialist interests in Iran to be diverted from its main course.



Revolutionary guards show how a banner has been used to cover the U.S. embassy's insignia.

Iranian authorities see developments everywhere. Inevitably the U.S. old enemy of the Khomeini traditionalists, the nationalists and the Islamic radicals alike have borne the brunt of the suspicion.

Oil embargo threat coupled with extradition demand

BY RICHARD JOHN, MIDDLE EAST EDITOR

IRAN has warned the U.S. that if it may cut off oil supplies if the demand of the rioters for the return of the Shah is not met.

central bank, who is known to be virulently anti-American. An Iranian embargo on the U.S. could also serve other objectives. It could release more crude for direct sales by the National Iranian Oil Company on the spot market, or it could be an opportunity to reduce total exports in response to conservationist pressures.

OVERSEAS NEWS

AMERICAN NEWS

Rhodesia bans maize shipments to Zambia

BY TONY HAWKINS IN SALISBURY

ZIMBABWE Rhodesia has suspended all maize shipments to Zambia through its territory, it announced yesterday.

power lines, railways and other means of communication. "A number of breaches of the conditions occurred shortly after the delivery of the message to Zambia," the statement added.

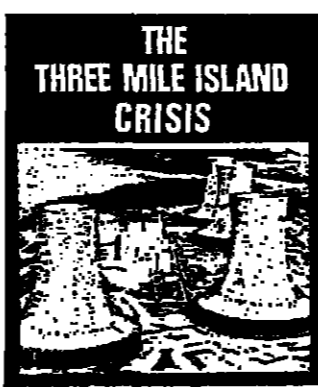
U.S. reaction shakes Bolivian coup leader

By Hugh O'Shaughnessy

COLONEL Alberto Natusch Busch, who seized power in Bolivia on Thursday, appears to have been severely shaken by the strength of foreign, and particularly U.S. reaction to his coup d'etat.

NRC to issue no new reactor licences

BY DAVID BUCHAN IN WASHINGTON



THE THREE MILE ISLAND CRISIS

THE NUCLEAR Regulatory Commission will issue no further construction or operation licences for new U.S. nuclear power reactors until it completes a safety review that is likely to last until spring 1980, NRC officials told Congress yesterday.

one plant due to start power generation by June and given more due to start operation between June and December, 1980. Some 70 operating nuclear power reactors at present provide 13 per cent of U.S. electricity, while there are 4 further 92 plants in various stages of construction.

Buthelezi seeks links with black exile group

BY BERNARD SIMON IN JOHANNESBURG



Chief Gatsha Buthelezi

A MEETING between Chief Gatsha Buthelezi, the South African Homeland leader, and leaders of the banned African National Congress and the Zimbabwe Rhodesian Patriotic Front in London last week has given a significant new turn to black politics in South Africa.

Chief-Buthelezi, who heads the Zulu-based Inkatha movement, said on his return home over the weekend that Inkatha and the South African ANC are destined to form a united front against the present South African Government.

S. Africa Minister criticises gold policy

BY DAVID BUCHAN IN WASHINGTON

THE NEW U.S. Treasury policy of varying its gold sales in both the amounts and the frequency of auctions was causing uncertainty in the gold market and would not benefit the dollar, Mr. Owen Horwood, the South African Finance Minister claimed here yesterday.

Treasury announced its new flexible sales policy designed to discourage speculation in gold. It auctioned a larger amount, 1.25m oz, on November 1, but left everyone guessing as to when and if it will next sell more gold and in what amounts.

Zia resumes IMF talks

BY PETER WOOLAS IN ISLAMABAD

PAKISTAN'S military government renews its efforts to secure outside help for the country's ailing economy today with a fresh round of talks with a delegation from the International Monetary Fund.

Hingness to take tougher action have been apparent since General Zia-ul Haq postponed planned elections last month. On the outcome hangs the fate of Pakistan's continuing attempts to win relief on its international debt repayments to members of the Aid to Pakistan consortium.

Trade deficit falls

The U.S. merchandise trade deficit calculated on the so-called balance of payments basis narrowed to the third quarter to a seasonally adjusted \$6.95bn from \$7.72bn in the second quarter, the Commerce Department said, AP/DI reports from Washington.

Ration bill signed

President Jimmy Carter signed legislation giving him authority to impose a petrol rationing plan if energy shortages become severe, Reuters reports from Washington. Mr. Carter said crucial votes will be taken this week on other legislation setting up an energy security corporation, needed to promote development of alternative fuels.

CALIFORNIAN TAX LAWS AGAIN UNDER ATTACK

And now for Proposition 4

BY MAURICE IRVINE IN LOS ANGELES

TAX WARS have returned to California, the state which last year triggered a nationwide revolt against high taxation with its famous "Proposition 13". Today Californians vote on a tough new Government spending curb which its sponsor, Mr. Paul Gann, claims "will finish the job we started with Proposition 13".

voters against Proposition 4 attracted only 100 people, and liberal Cassandra warning of its possible dire effects on education and public services seem to be going largely unheeded.

Support for Carter in Iowa

By Our U.S. Editor

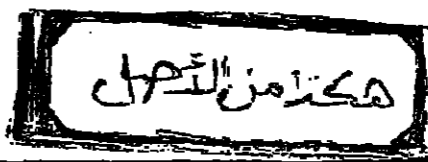
PRESIDENT Jimmy Carter chalked up a second victory, this time in Iowa, in a ballot of the non-binding "hearty contexts" that are currently scattered across the autumnal landscape.



Mr. Paul Gann's own savings

The truth is that Mr. Gann's Proposition 4 will not help support for his own "cutting initiative" to be placed before voters next June. Dubbed "Jarvis II", this proposal would reduce state income taxes by an arbitrary 30 per cent. Polls suggest that it may be 100-much for most Californians.

Financial Times... Diam S. Afr... Prospe for UK car spar



Diamond sales shift hits S. Africa's UK exports

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S exports to Britain fell sharply in the first six months of this year, according to figures released by the Department of Customs in Pretoria. Exports to the UK—excluding bullion—totalled R465.6m (£286.4m) between January and June, 1979, compared with R626.6m in the first half of last year.

According to British officials, the main reason for the drop is the diversion of diamond shipments by De Beers from the UK to Switzerland. This is reflected in a sharp increase in South Africa's exports to Switzerland, from R169.7m in January-June, 1978, to R728.3m this year, making it South Africa's biggest export market.

The Swiss have also been

heavy buyers of Krusserrands. The Swiss Bank Corporation has displaced Deutsche Bank as the biggest foreign customer for the coins and is believed to account for almost half of total overseas sales this year.

Britain is now South Africa's third largest export market after Switzerland and the U.S. It consistently occupied first place up to last year.

South Africa's imports from the UK have risen steadily, however, from R525.7m in January-June 1978, to R591.5m. The UK is currently South Africa's second largest supplier, after West Germany. Imports consisted mainly of machinery, transport equipment, power generating plant and tools and chemicals. Fourteen British trade missions are visiting

South Africa this year, but several others have cancelled their scheduled trips.

Japan, whose imports from South Africa have shot up by almost 40 per cent over the past year, has, for the first time, become a more important market than West Germany. Exports to Japan in their first six months of 1979, totalling R455.8m, were only R10m below sales to the U.K.

A feature of South Africa's foreign trade so far this year is the large increase in sales to other states with which it has close political ties. Exports to Israel have almost doubled, from R26.2m to R49.1m, and to Taiwan have risen from R45.7m to R60m. A major factor is believed to be sharply higher steel exports to both countries.

Swiss seek Iran debt payment

BY JOHN WICKS IN ZURICH

THE LEADING Swiss building company, Bernese-based Losinger, says it hopes that by next spring it will be possible to reach a "realistic" agreement with the Iranian authorities on construction contracts which came to a standstill at the time of the revolution in February.

Last week, representatives of Losinger and of the Austrian building concern, A. Porr, had talks in Tehran with the Iranian Minister for Energy about "substantial sums" owed to the two companies in respect of consortium work on sites in southern Iran. It was agreed that the amounts owed should be paid before work was resumed and that any future work should not be subject to "any incalculable risk."

Losinger adds that part of the contracts in question are covered by the Swiss export risk guarantee.

In an interim report to shareholders in September, the Bernese company said it had made up for the loss of turnover resulting from its consortium participation in the Minab and Jiroft dam projects in Iran through extra contracts, particularly in "special sectors of activity"—thought to be a reference to defence contracts.

U.S. optimistic of GATT go-ahead in New Year

WASHINGTON—Mr. Reubin Askew, the U.S. Trade Representative, is convinced that the Multilateral Trade Agreement concluded earlier this year in Geneva will go into effect by January 1, AP-DJ reports.

Despite some recent delays, he said: "I do not sense in any way a lack of will or commitment of our major trading partners" to approve the agreement. "Too much effort has been put into this" to contemplate failure at this point, he added.

Mr. Askew's optimism about the timetable for the trade agreement, which aims at reducing both tariff and non-tariff

barriers, to trade, contrasts with views expressed last week by Mr. Anthony Solomon, Under-Secretary of Treasury for Monetary Affairs, who noted that the U.S. is the only major trading nation that has "completed the necessary procedures to bring its legislation into accord" with the trade agreement. The U.S. plans to sign the agreement in late November and put it into effect by January 1.

Our Foreign Staff adds: The return of price stability on an international scale is vital to the world economy if it is to recapture its earlier confidence and sense of progress, says the annual report of the General Agreement of Tariffs and Trade.

The report, released today, said that in the "critical decades ahead, the resources of the world economy will be stretched thin and the economy will be vulnerable to shocks, the occurrence of which is made more probable by inflation proceeding at high and variable rates."

It noted that the value of world trade in 1978 amounted to about \$1.3 trillion (million million, or about £850 billion). In monetary terms, this represented a rise of 10 per cent, two per cent more than the preceding year, but in volume, this was a 6 per cent rise over 1977.

Comecon states may counter EEC curbs

By Christopher Robinski in Warsaw

WESTERN EUROPEAN ball bearings producers may stand to lose if restrictions are imposed on imports of bearings from Comecon countries, warns Rynki Zagraniczne, the Polish trade paper in its latest issue.

Commenting on a recently opened anti-dumping inquiry by the European Commission into bearings imports from Japan, the Soviet Union, Poland and Romania, the paper says that the EEC countries are net exporters of ball bearings to Eastern Europe.

Hinting that counter measures might be taken in retaliation, the paper emphasises "should restrictions be imposed, Western producers might lose more than they gain," though it is far from clear what retaliatory action could be taken.

According to Polish figures for 1977, the latest available, Polish ball bearings exports to the EEC were worth 25.7m foreign currency Zlotys (\$4m) while imports from the EEC in the same year reached 37m foreign currency Zlotys (£5.3m).

Poland's main EEC export market that year was France which took ball bearings worth \$2m while most of Poland's EEC imports came from West Germany and were worth \$3.7m.

Polish ball bearings production reached 100m units last year.

Europe's chemical industry faces increasing overseas competition

BY SUE CAMERON

THE EUROPEAN chemical industry is likely to be faced with growing overseas competition—particularly from the U.S.—throughout the 1980s, Mr. Anthony Lowe, head of economics and planning at Shell International Chemical, warned yesterday.

Mr. Lowe, speaking to the London section of the Society for Chemical Industry, said European chemical companies would "be torn between the desire for short term relief from the pressure of imports" and fear of the consequences of the

Common Market "developing into a protectionist club."

In the immediate future, there lay the threat of plastics imports from America where chemical plants were likely to be forced to operate at well below their normal capacity "in a recessionary period such as 1980 promises to be in the U.S."

But Mr. Lowe warned that there was also a possibility of growing imports from Eastern Bloc countries and from emerging producers in the Middle East.

Conversely, a number of European countries have been stepping up their investment in the U.S.

Textile threat 'exaggerated'

BY RHYS DAVID

THE THREAT posed by American textile exports to Europe while serious in some specific areas such as carpets and man-made fibres is being generally exaggerated, according to an analysis by Henry Cooke, Lumsden, the Manchester stockbroker.

Writing in its latest quarterly review, Mr. John Davenport, the firm's textile analyst, also challenges the stress that has been placed in Europe on the oil feedstock cost advantage en-

joyed by U.S. producers. Of equal importance to American producers are the economies of scale, of standardisation and of efficient production organisation and management. This pipeline had enabled the U.S. to reverse the UK's advantage of lower labour cost per unit of output.

The message contained in the review, which appears at a time when the EEC Commission is still studying the case made by

S. Korea wins 43 ship orders

SEOUL—South Korea's ship-building industry, recovering recently from years of slump, received \$643m (£311m) of new foreign orders for 43 ships with a combined tonnage of 753,000 tons in the first 10 months.

The Commerce and Industry Ministry said the orders received between January and October indicated the best Korean performance for any comparable period in terms of tonnage and contract value. AP-DJ

Prospects for UK car spares

By Our Motor Industry Correspondent

PROSPECTS for Britain's motor components companies in China were looking "distinctly encouraging" maintained Mr. Ken Wallis, overseas secretary of the UK Society of Motor Manufacturers and Traders after his third visit to China this year.

The most recent two-week visit was with SU-Butec (a BL subsidiary), Laystall Engineering and Coopers Gaskets to the Number Two truck plant at Shiyan, 1,000 miles south-west of Peking. The plant will produce about 15,000 seven-ton trucks this year. It was commissioned in 1977 and has an estimated capacity of 100,000 trucks a year. The target for 1980 is 30,000.

Ricardo Engineering of Shoreham, West Sussex, already has contracts for developing an enlarged, higher output engine for the next range of trucks from the plant, due to enter production in three to four years.

Mr. Wallis said the significance of the latest visit was that it involved direct and detailed technical representations by each of the companies over a full week.

General Motors bids for China truck deal

TOKYO—General Motors is discussing a possible joint venture with China to manufacture heavy-duty trucks.

The estimated cost of the project is \$1bn to \$2bn. GM claims to be a step ahead of other vehicle makers competing for the bid.

Mr. John Quick, a GM vice-president who has been in charge of the company's China contracts for more than a year, said the Chinese are also talking to a Japanese company and five other Western makers about heavy-duty trucks. He did not name the Japanese bidder but he identified GM's other competitors as Ford, International Harvester, Renault of France's truck subsidiary, Volvo of Sweden and Daimler Benz of West Germany.

Isuzu Motors, a Japanese company in which GM has a 34 per cent shareholding, is conducting separate negotiations for the construction of a light-duty truck plant, while Volkswagen is the only foreign company still interested in manufacturing passenger cars in China, he said.

Mr. Quick, who is responsible for Asia-Pacific operations, also announced that his company is strengthening its ties with Isuzu through two separate procurement deals.

General Motors also plans to acquire Isuzu engines to be used by some of its models. Company officials have indicated that some GM cars will mount Isuzu engines in "about two years." AP-DJ

Japan to pay more for oil

TOKYO—China has notified Japanese oil importers that it plans to raise crude oil prices for October-December shipments by 10 per cent to 24 from \$21.80 per barrel, Oil Industry sources said.

The price of Chinese crude

has usually been determined following consultations with Japanese importers, they said.

China will supply 7.3m tonnes of crude from the Tachung oil-fields in northern China this year, and 8m tonnes next year under a long-term Sino-Japanese trade agreement.—Reuters.

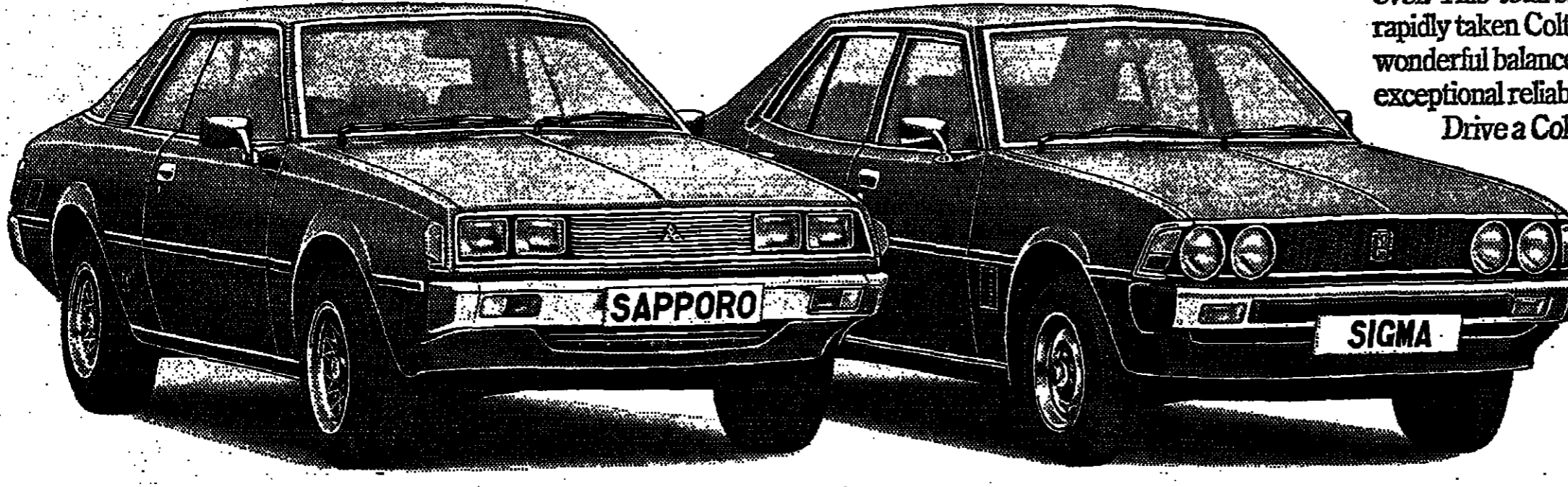
Fighter choice for Australia

CANBERRA — The short list of contenders for Australia's next purchase of tactical fighter aircraft is expected to be cut to two or three from the present four within the next few weeks.

The present short list consists of the Mirage 2000, made by Avions Marcel Dassault-Breguet of France and three U.S. aircraft—the General Dynamics F-16, The McDonnell Douglas F-18A and Northrop's F-18L.

It is expected the new short list will be announced in Parliament before the current sitting ends in mid-November. Reuter

Sapporo is a town in North Japan. Sigma is the 18th letter of the Greek alphabet. Driving a Colt is an education.



Sapporo was the venue for the 1972 Winter Olympics and is the highly appropriate name for a breathtaking 2-door coupe from Colt, the crowning glory of a remarkable range of cars well worth studying in detail.

A clue to the undoubted success of the Sapporo lies in the Sigma. To a mathematician, Sigma is the Greek letter used to signify the Total Sum of any expression, which is precisely why Mitsubishi chose it for their 4-door sports saloon, one of the most 'complete' cars on the road today.

The Sigma is a car in which the whole is so much greater than the sum of the parts, that merely listing its superb specification gives no idea of the car's true quality. An inspired blend of rugged reliability and sleek economy, the Sigma has an almost 'sports car' sensitivity that is an education to most saloon car drivers.

Building on this basic Sigma 'equation', the Sapporo adds a wicked degree of luxury and a measure of extra style that leaves the nursery slopes far behind. Above your head there's a unique aircraft-like console with a digital clock and a swivel mounted reading light and, at your fingertips, there's the smoothest ever power steering which is a standard feature of the Sapporo.

Both the Sapporo and the Sigma are available with either 5-speed gearbox or automatic transmission and are powered by the same highly economical 2-litre ohc engine with Mitsubishi's remarkable 'Silent Shafts' that cancel out conventional 4-cylinder vibration to give the smoothest ride ever. This 'total sum' quality of the Sigma and Sapporo have rapidly taken Colt cars into a class of their own through a wonderful balance of performance, comfort and quite exceptional reliability.

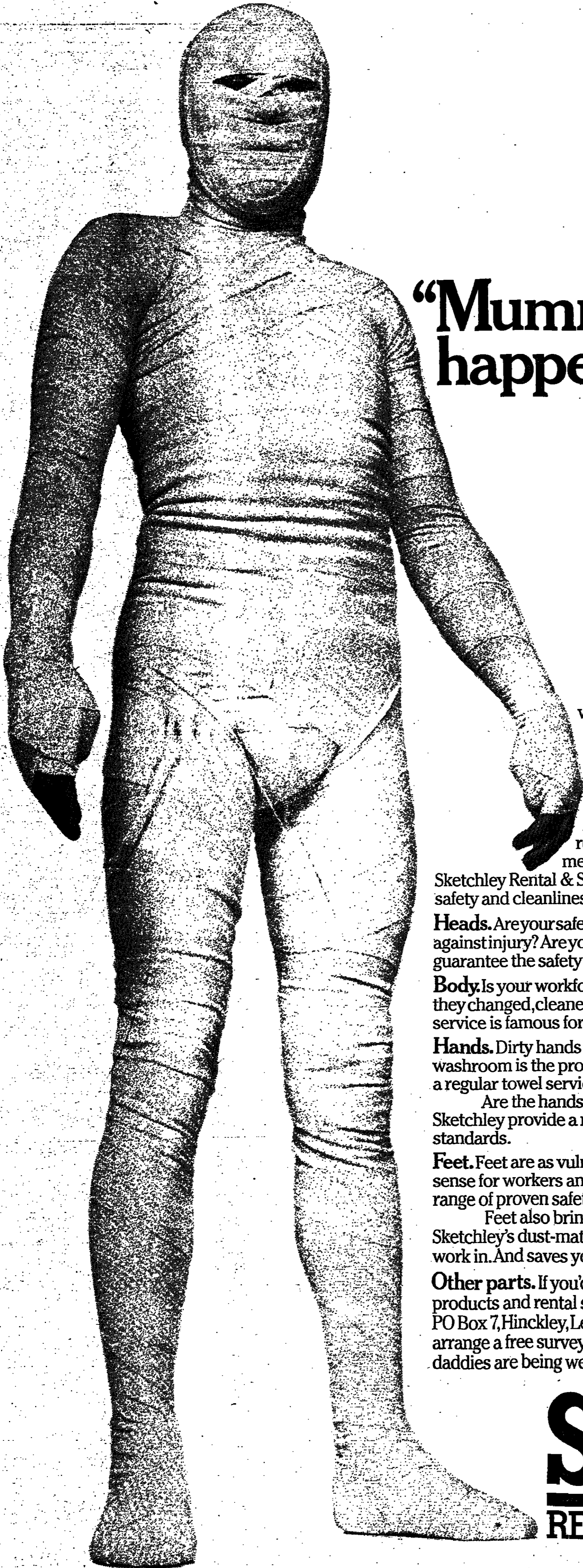
Drive a Colt soon, it really is an education.

Move up to a **COLT**

From the Mitsubishi Motors Corporation

THERE ARE 13 COLT MODELS RANGING IN PRICE FROM £2,869 FOR THE GLX1400 13-DOOR HATCHBACK TO £8,294 FOR THE LUXURIOUS SAPPORO 2-DOOR COUPE WITH POWER STEERING AND AUTOMATIC TRANSMISSION. PRICES SHOWN ARE ON THE ROAD PRICES AND INCLUDE SEAT BELTS, NUMBER PLATES, DELIVERY CHARGES, BEAR FOG LAMPS, RADIO, VAT, CAR TAX (NOT ROAD LICENCE) AND A 12 MONTH TWO EXCLUSIONS LIMITED MILEAGE WARRANTY FOR ALL MODELS. TAXI CARS SALES DEPTS, 24-48 WARWICK ROAD, LONDON W1A 1TB OR 2101 ROAD, LOVELL LANE, CIRENCESTER, GLOS. TEL: 01299 5991. U.K. SALES ENQUIRIES, THE COLT CAR CO. LTD., SPITLATE LANE, CIRENCESTER, GLOS. TEL: 01494 1

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“Mummy, what’s happened to Daddy?”

A lot of things can happen to Daddy in his workplace. He is vulnerable from head to toe. And he’s not only at risk from injury but infection too. Cleanliness is as important as safety in the factory. Both these things are your responsibility.

One company provides for the whole body of your workers—Sketchley Rental & Safetywear. And you can leave the whole job to us: Sketchley’s reliability and efficiency means minimum management involvement. We cover everything because

Sketchley Rental & Safetywear has the answer to all questions of safety and cleanliness, head to toe.

Heads. Are your safety helmets adequate? Are eyes protected sufficiently against injury? Are you providing the correct face masks? Sketchley help guarantee the safety of your workers’ heads.

Body. Is your workforce provided with clean working garments? Are they changed, cleaned and repaired regularly? The Sketchley Workwear service is famous for its reliability, range and economy.

Hands. Dirty hands please nobody. And an essential part of any washroom is the provision of clean cabinet towels. Sketchley provide a regular towel service with full back-up.

Are the hands of your workers well protected from injury? Sketchley provide a range of hard-wearing gloves to the highest safety standards.

Feet. Feet are as vulnerable as hands. So protective footwear makes sense for workers and management alike. Sketchley provide a whole range of proven safety footwear.

Feet also bring destructive dirt into your working premises. Sketchley’s dust-mat service makes a place cleaner and healthier to work in. And saves you money.

Other parts. If you’d like to know more about Sketchley’s safety products and rental services, write to Sketchley Rental & Safetywear, PO Box 7, Hinckley, Leicestershire or telephone 0455 38133. We can also arrange a free survey of your premises to ensure that your valuable daddies are being well looked after.

Sketchley

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UK NEWS

Casino safeguards 'do not satisfy police'

BY JAMES BARTHOLOMEW

SAFEGUARDS PROVIDED by the Gaming Act 1968 "would look pretty thin" if a licensee had only to remove tainted directors or executives to succeed on appeal...

concerned, the composition of the board of City and Provincial Gaming Holdings would be controlled directly by shareholders of Ladbroke Group...

order to succeed on appeal and thereby to avoid one hour's interruption of its lucrative franchise and privilege.

Coal has bigger role—Howell

BY RAY DAFTER, ENERGY EDITOR

COAL and nuclear power will emerge as the two main assured sources of energy in the longer term, Mr. David Howell, Energy Secretary, said in London yesterday.

Unlike crude oil, coal had been consumed mainly in the country of production. World-wide coal production now totalled well over 2bn tonnes annually and yet international trade amounted to only 200m tonnes a year.

amount to over 300m tonnes a year, Mr. Howell said. The UK coal industry and its equipment suppliers had an important role to play in this international development.

Tyne and Wear bid to attract Inmos

By John Lloyd

IN AN EFFORT to attract the first production plant to be constructed by Inmos, the state-financed semi-conductor company, councils in the Tyne and Wear region have assembled a package of incentives and subsidies...

The region is one of three—with South Wales and the South West—on the company's short list. They were selected from about 120 applications, and have been asked for a further, more detailed submission.

Inmos has told the Tyne and Wear Regional Authority that if it were to come to the region, the preferred site would be in Washington, south of Newcastle.

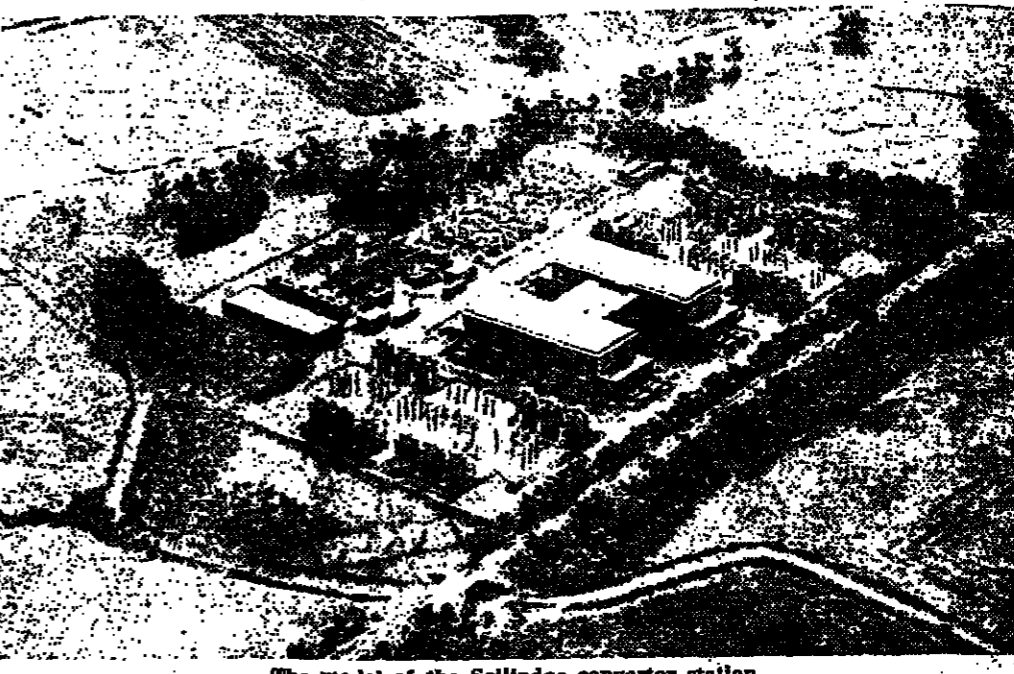
Channel cable problem overcome

BY DAVID FISHLICK, SCIENCE EDITOR

ELECTRICITY AUTHORITIES in Britain and France have told their governments that they are now confident about a £380m scheme for burying electricity cables under the English Channel.

The main technical hurdle to Central Electricity Generating Board and Electricite de France plans for a new 2,000 MW inter-connection across the Channel has been overcome in seabed trials.

The utilities agreed that unless the new cables could be buried, they could not expect enough freedom from interference by shipping to guarantee an economically satisfactory connection.



The model of the Sellidage converter station

between the two electricity systems already has the tacit approval of the two governments. The possibility of a connection has been under discussion since 1971.

In the longer term, the cable could become regarded as a secure source of peak power because of the differences in the time of peak demand on either side of the Channel.

specified landscape value for significance for agricultural or scientific reasons. It is also outside the Kent Down areas of outstanding natural beauty, and a "reasonable distance" from the nearest houses.

The main feature of the converter station at Sellidage would be an H-shaped building, 341 ft long and 79 ft in height. The connection to the submarine cable would also be buried.

Redpath wins major oil work

By Ray Dafter, Energy Editor

SHELL AND Esso have placed a big offshore oil construction contract with the Teesside Linthorpe Dinsdale yard of Redpath Engineering. The order will provide work for more than 550 in the north-east.

Fall in retail sales confirms slowdown

BY DAVID MARSH

SPENDING IN non-food shops in September fell by 2.4 per cent compared with August. This continues the trend towards lower sales since the June Budget.

basis, from the revised figure of £634m in August. Lending by retailers fell 2.4 per cent from August, but was little changed compared with July.

£250,000 aid for Actair development

By Robin Reeves, Welsh Correspondent

THE WELSH Development Agency yesterday announced share and loan investments totalling £405,000 in three Welsh companies.

Further confirmation of a slowdown in consumer activity came from September hire purchase figures released yesterday. Total hire purchase and instalment credit expended during the month fell 3 per cent to £615m, on a seasonally adjusted basis.

Table with columns: Hire purchase credit and retail sales, Retail volume (revised), Total debt outstanding (unadjusted), Durable goods shops. Rows include Finance Houses, Retailers, and monthly data for 1978 and 1979.

Science books collection tops £1m

SOTHEBY'S continued yesterday with its dispersal of the Honeyman Collection of scientific books, which it now owns. Yesterday's sales brought in £170,892—making a total of £1,133,536.

At Christie's, English and continental ceramics sold for £89,990. Duncan Smith, the London dealer, paying £2,200 for a Sevres pattern bleu-d'roi ground taze service painted by Leber with portraits of court personalities.

By Baron Rothschild, is expected to sell for more than £100,000 and could approach the £145,000 record for a Strad and a musical instrument.

Caledonian plans flights to Rhodesia

By James McDonald

BRITISH Caledonian Airways is planning to introduce a twice-weekly service between London and Salisbury, Zimbabwe, Rhodesia as soon as a constitutional settlement is agreed.

'Only Britain keeps rule on contracts'

BY JOHN LLOYD

BRITAIN is the only country obeying the Common Market obligation to advertise public contracts, so allowing companies in other member states to compete, according to the Business Equipment Trade Association.

Anti-theft campaign stepped up

By Elaine Williams

SHOPLIFTING OFFENCES are declining, according to the Association for the Prevention of Thefts in Shops.

£3m Electrolux expansion plan

BY ELAINE WILLIAMS

ELECTROLUX is to spend £3m in the next two years reorganising its refrigeration production lines at Luton to increase production to about 500,000 units a year as at present.

£5m UK investment by U.S. computer company

BY ELAINE WILLIAMS

CONTROL DATA, the U.S. computer company, is investing £5m in Britain over the next two years to set up a computer-based technical system for industry.

THE FACE OF BANKING

From Italianate palace to soaring tower

THE PUBLIC IMAGE which banks wish to project to the world is closely associated with the type of buildings which they choose, from the fortress-like dignity of the Bank of England to the soaring modernity of the new National Westminster tower in the City of London.

shareholders a new sense of corporate identity was needed. Cautious experiment was the order of the day.

BY COLIN AMERY



The former head office of Taylor and Lloyds, 65 High Street, Birmingham, photographed as a branch of Lloyds Bank in about 1900. The facade dates from 1845.

While banks like to be thought of as safe as houses, the buildings that their directors commissioned ranged from classical temples to giant Italianate palaces.

timbered giant has now been replaced by a rarer piece of neo-Georgian.

The exhibition is made up of contemporary photographs and records, it is hard to imagine the appearance of many of the branches today.

UK NEWS

Industrial policy challenged

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A DIRECT challenge to the Government's policy of disengagement from industrial affairs was issued last night in a controversial speech by Mr. Geoffrey Chandler, director-general of the National Economic Development Office. Calling on the Government to adopt ideas more in tune with the Labour administration's industrial strategy than the present stance of non-intervention, Mr. Chandler said in Droitwich that an industrial policy should involve all parts of society. This included the Government, since it was "to the Government that the country is entitled to look for leadership." The aim of a "comprehensive and positive industrial policy" should be to improve and supplement the market mechanism, and to cushion change for the individual. Mr. Chandler's remarks will be interpreted as being directed at Sir Keith Joseph, Industry Secretary, who is criticised in Whitehall for allegedly failing to deliver a major speech reflecting his experiences since the General Election. Most of Sir Keith's recent speeches have been based, as they were when he was in opposition, on his philosophy that Britain's industrial problems will be solved by the new entrepreneurial spirit that the Government is trying to engender. Mr. Chandler's speech was based on the belief that this will not be enough, although he stressed he was not calling for a "U-turn". The British economy is not a frog-prince to a cold bath. It is a Rip von Winkle peeing message in every limb," he told his audience of diary industry representatives. "Human and technical failings which had bedevilled industry since the war needed very much more to remedy them than an appropriate environment alone." By coincidence, Mr. Chandler made his speech a few hours after the Confederation of British Industry debated the Government's economic and industrial policies in Birmingham. There will be an opportunity for Sir Keith Joseph and other Ministers and industrial leaders to respond when the National Economic Development Council debates productivity issues at its meeting tomorrow. Mr. Chandler called for a number of points to be included in an industrial policy that would range far wider than the work of the economic development committees and the sector working parties run by the NEDO. An explicit commitment by Government to give priority to productive activity and to harness the whole of Government and its institutions to assist the wealth creating process in this country. This should range from reshaping school curricula to specific assistance for industrial projects. Cushioning the controversial nature of his speech, Mr. Chandler said: "None of these proposals need imply a deflection for Government from the principles of its present policies: none requires a U-turn."

harness the whole of Government and its institutions to assist the wealth creating process in this country. This should range from reshaping school curricula to specific assistance for industrial projects. Cushioning the controversial nature of his speech, Mr. Chandler said: "None of these proposals need imply a deflection for Government from the principles of its present policies: none requires a U-turn."

Power plant injury award
A BOILER FITTER severely scalded by a high-pressure jet of boiling water at a power station was awarded £70,000 agreed damages in the High Court yesterday. Mr. Dennis Burman, 51, of Gravesend, Kent, was permanently handicapped by his injuries in the accident at the North Power Station, Hoo, near Rochester, Kent, in May 1975. By consent judgment was given against the Central Electricity Generating Board and Mr. Burman's former employers, Foster Wheeler John Brown Boilers. The role of organisations like the National Enterprise Board should be recognised in stimulating investments in new technology and new industries, pushing the UK "up market." More should be done to encourage employee involvement in companies, either through share ownership or other forms of participation. Policies were needed to assist people to be flexible and mobile in their jobs.

Southwark job scheme success
A £3M EMPLOYMENT and industrial development fund set up by the Labour-controlled London Borough of Southwark has helped save or create 1,200 jobs this year, the council claims.

BSM goes into fast food trade

By James McDonald

EXPANSION at home and into overseas markets and a move into fast food franchising were announced yesterday by the British School of Motoring, the world's largest driving school group. As part of these plans, Mr. David Acheson, 40, and until recently chairman and managing director of Kentucky Fried Chicken (GB), has been appointed BSM's chief executive. Mr. Anthony Jacobs, BSM's chairman, said the company's UK operations would be extended from 167 branches to an anticipated 240. It was also planned to increase the tuition fleet of 1,500 BL cars to more than 2,000 vehicles. Mr. Acheson, chairman of the British Franchise Association, produced a dramatic turn-around in the trading results of Kentucky Fried Chicken. He was also managing director for eight years of Wimpy International. Mr. David Haddon, who has shared with Mr. Jacobs the responsibilities for BSM since its reorganisation in 1972, continues as group deputy chairman.

Scrap steel sales abroad soar

BY ROY HODSON

RECORD QUANTITIES of British steel scrap have been sold abroad since restrictions on the trade were lifted in September. Figures available shortly will show an upsurge in scrap export business almost from the moment the licensing system was abolished by the Government in roughly equal proportions between the European Economic Community countries and Spain. In the first nine months, members of the British Scrap Federation have done £51m of export business compared with £45m in the same period last year. Scrap export restrictions to countries outside the EEC were removed for a six-month trial period. The Department of Industry stated that the Government's policy was to move towards the total abolition of control. Mr. Roy Boast, director of the British Scrap Federation, said yesterday: "The free export market is working so well that we can't see any reason why the controls should not remain off." Steel producers' fears that total relaxation of control on scrap exports would cause shortages and higher prices in the home market have proved unfounded. Supplies have remained in balance during the first two months and the quoted price for the most commonly used grade of steel scrap in Britain has declined. British steel production in the third quarter—July to September—was 5.15m tonnes, the best figure for the quarter since 1976, and an improvement of more than 15 per cent over the same period the previous year. Scrap trading companies are reporting continuing brisk demand from the private sector steelmakers. The major uncertainty now facing merchants is the probable demand for scrap from the British Steel Corporation during the winter. Many factors are likely to influence the levels of British Steel's production during the coming months, including the proposed run-down of iron and steelmaking at Corby and Shotton, and the threatened production pause at the Ravenscraig integrated works in Scotland. British Steel could start producing a material to be used as an alternative to scrap steel at Hunterston shortly, providing the dispute there is settled.

Nimrod test stage is cleared

By Maurice Samuelson

WORK ON Britain's future airborne radar system has taken an important step forward with the clearance for flight testing of a new communications system aboard the AEW Nimrod aircraft, destined for service in the early 1980s. Marconi Avionics yesterday announced completion of ground testing of the communications system, comprising more than 120 different electronic units which constitute the aircraft's tactical communications system. Also, a transportable ground station, which will operate the airborne system during the intensive flight programme, has been "rolled out" ready for delivery. The AEW Nimrod programme was started two years ago, providing some 7,000 jobs in advanced technology, many of them at Marconi Avionics' factories in Hertfordshire. The communications system is produced at the company's plant in Basildon, Essex. The tactical communications system provides for the rapid interchange of data between the AEW Nimrod aircraft and a control centre on ship or land, or with other aircraft. It is normally controlled by a computer aboard the aircraft.

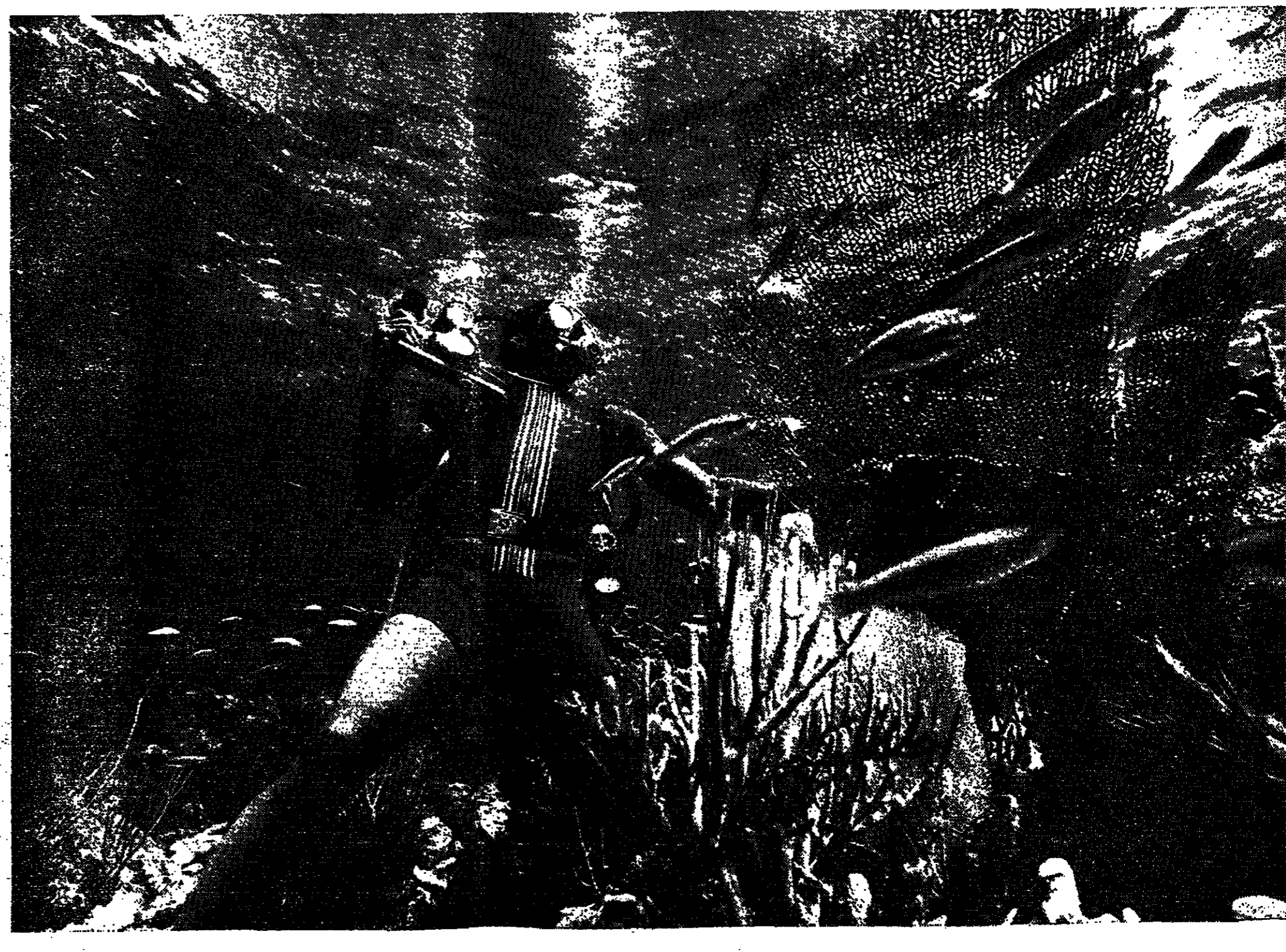
APPOINTMENTS

Managing director for BL Belgium

Mr. Gordon Aitken, a former General Motors executive, has been appointed managing director for BL BELGIUM. Mr. Aitken has held senior posts with General Motors in France and Belgium for more than 15 years. In his new position he will be responsible for sales and marketing, service, parts and administration. BL Belgium has 140 c. aiers in Belgium and Luxembourg. Last year, its cars division had a turnover of \$4m selling more than 13,000 cars. Mr. David Taylor has been appointed marketing director of BRYANT AND MAY. He was previously marketing director, group product development, of the parent company Wilkinson Match. Mr. Harry Walker has become sales director of Bryant and May. Mr. Walter Stevenson has joined AIR CALL as director of government and external relations. He was previously with the U.S. electronics group Motorola Inc. as director, government liaison (Europe). Mr. Kenneth Hydon has been appointed financial director of RACAL (SLOUGH), joining that company from Racal-Tacticon. Mr. Edward E. Annon has been appointed director of Canadian plywood and specialties for SIBER BOARD INTERNATIONAL (TIMBER AND PLYWOOD), the UK subsidiary of Seaboard Lumber Sales, Vancouver. Mr. Dale E. Ogilvie has been elected vice-president, corporate planning of KENNEDY COPPER CORPORATION. Mr. W. Campbell Pyle and Mr. Robert B. D. Hoyle have been appointed salaried partners of DONALD SMITH SEYMOUR AND ROOLEY. Mr. P. M. Johnson has been appointed a director of WARD AND GOLDSTONE. Dr. George Brosan, director of North East London Polytechnic, has been elected chairman of the ACCOUNTING EDUCATION CONSULTATIVE BOARD. The Board, which was set up in 1976, is responsible for co-ordinating education for accountants and is representative of both the educational institutions and the professional bodies. Mr. W. K. Maciver has been made general manager for the passenger vehicle division of LEYLAND VEHICLES following the resignation of Mr. Marcus Smith (who is to become director of engineering at London Transport). Mr. H. A. Rose, finance director at passenger vehicle division, has succeeded Mr. Maciver as finance and systems director, Leyland Vehicles. Mr. J. P. C. Danny, chairman of Government Securities, has resigned as a director of WEEKS ASSOCIATES. Mr. A. R. Abel, also of Government Securities, has been appointed to the board. Mr. P. A. Hogwood has been appointed an assistant director of MORGAN GRENFEEL. Mr. J. B. Studdy, who is a resident of Australia, has been appointed to the board of S. HOFFMUNG as a non-executive director. Mr. H. Morrell, financial director of READICUT INTERNATIONAL has been appointed in addition vice chairman. Mr. Malcolm Wood has been appointed to the new post of chief executive of LEIGH INTERESTS and Dr. Arthur Kent, previously financial controller of the group, has been appointed finance director. Mr. Wood, in addition to continuing as chairman of the companies within the environmental division, will assume overall responsibility for all the group's trading activities, and each of the subsidiary company managing directors will report directly to him. Mr. Alan Buckley has resigned as managing director of RELIANCE-MERCURY, a subsidiary of Marshalls (Halifax). Mr. Andrew H. Marshall, group director, has temporarily taken over as managing director of Reliance-Mercury. MORGAN GUARANTY TRUST COMPANY OF NEW YORK has made the following appointments at its London office: Mr. P. Bedford, Mr. B. A. Reynolds, Mr. R. A. Bruce, Mr. M. T. Waterhouse, Mr. M. J. Webb and Mr. F. J. Muller, vice-presidents. Mr. E. W. K. Baker, Mr. S. Westfield, Mr. E. D. M. Smith, Mr. K. Williams, Mr. C. D. Openshaw and Mr. R. J. Warren, assistant vice-presidents. Mr. Mark Sellers, managing director of LRC INTERNATIONAL since 1975, is resigning as from December 31, 1979. Mr. Alan Woltz, president of the North American Division, becomes chief executive of the group with immediate effect. THE INDEPENDENT BROADCASTING AUTHORITY has appointed Mr. James Conway to the new post of London area officer. Mr. David Wenham has been appointed operations director of BOWYERS, Trowbridge, and Mr. Graham Jones has become administration controller. Mr. John Dawson is managing director. Mr. Roy Arnold, company secretary of FLETCHER CONTRACTORS, Shrewsbury, has been appointed a director. Mr. David Winton has been appointed chairman of TAYLOR NELSON IRONS, the new subsidiary of the Taylor Nelson Group. He continues as managing director of Taylor Nelson and Associates and Mr. Marc Drake becomes a director of that concern. Mr. Henk Reijnecker has been appointed managing director, designate, of DUNLOP ENERCA BV, Drachten, Holland, which manufactures conveyor belting for Continental Europe and is part of the Dunlop Belting Group. He will succeed Mr. Tjeerd Visser who will shortly be taking up an appointment with the Dunlop Overseas Group in London. Headquarters of the Dunlop Belting Group are at Speke in Liverpool. Mr. Jack E. Banister has been appointed vice president, broad-cast systems, Europe, the Middle East and Africa, by RCA INTERNATIONAL LIMITED (UK). He succeeds Mr. Patrick J. Murrin, who has retired. Mr. Frank X. Marshik has been named a vice-president of world-wide sales by the PULLMAN KELLOGG division of Pullman Incorporated, with commercial responsibilities for North America, Latin America and the Far East. He will continue to be based in Houston. Mr. Louis R. Desmarais has resigned from the board of TEXASGULF INC. following his election as a member of the Canadian Parliament. Mr. Gino P. Ghisù, recently appointed president of Texasgulf, will fill the vacancy on the board. Mr. Jack Bevins has been appointed company secretary and Mr. Neil Kershaw, chief accountant of COMPOUNDING INGREDIENTS, Manchester. Mr. Philip G. Edwards has been elected to the Board of DEBBETT'S PERRAGE. Mr. Edwards is an investment adviser with offices in London and Zurich.

BARCLAYS BANK HELPS YKK JAPAN ZIP TO THE TOP IN NEW MARKETS

YKK of Tokyo are the world's largest manufacturers of zip fasteners. They make zippers for just about everything. High fashion dresses. Flotation collars to contain oil slicks. Wet suits to go deep under the sea. YKK meet the growing demand for their products by building strategically placed factories around the world. There are now YKK operations in Trinidad and Swaziland. For both, finance has been provided by Barclays Bank International. We were able to help because we have branches in Swaziland and Trinidad as well as in Japan. And of course in other countries where YKK have built factories, such as the United States and Great Britain. Barclays Bank International can help companies world-wide develop in new markets because we have our own people and our own branches wherever they are needed for international business. We can help in Hamburg and Los Angeles. In Melbourne, Buenos Aires and Paris. And in Hong Kong, Bahrain and Toronto... The Barclays International group is in more than 75 countries spanning five continents. We help most of the world's successful international companies. Somewhere there is a market where we can help you.



UK NEWS—PARLIAMENT and POLITICS

Reduced budget for jobs agency

By Philip Rawstone

THE Manpower Services Commission is to meet later this month to discuss the Government's demands for a £115m cut in its projected expenditure.

"We feel it is very important that we should have sufficient resources to respond quickly to changes in local labour market needs and any increases in unemployment, particularly young unemployment."

Shortages

The Commission was already 200 instructors short and expected to be a further 200 short in the next six months.

Mr. O'Brien said that the civil service pay rates for instructors were also a problem. After a recent advertising campaign, more than 23,000 people had enquired about posts as instructors but only 56 were eventually engaged.

Professionals

But though 174,000 people, more than 70 per cent of them out of a job, had registered with the Professional and Executive Service during the year, only 7,101 had been placed in new employment.

Labour to scrap school fee assistance

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE NEXT Labour Government will scrap financial assistance for State pupils attending independent fee-paying schools, Mr. Neil Kinnock, Labour's Shadow Education Secretary, told the Commons last night.



Mr. Neil Kinnock

Mr. Kinnock, a leading Left-winger, also promised to do all in his power to see that a future Labour government was committed to abolition of the public schools.

He was speaking during a heated and noisy second reading debate on the Education (No. 2) Bill which introduces the assistance programme.

He argued that the Opposition's decision, was based firmly on educational and social considerations and not on partisan political doctrine.

He believed that the public schools would continue to be an incubator of freedom, opportunity and justice.

"I will use all the influence I can bring to bear on my party to secure a policy which will bring about the abolition of the public schools and other forms of private education."

"Whether my party will adopt such a proposal must be a matter for further debate because it has no such proposal. I speak entirely for myself and my own convictions."

He condemned the Bill as an example of "parliamentary and bigotry". It was being introduced to help the Government's expenditure cuts and not to give greater local freedom.

THE COST of school meals could double to 60p by the spring if the Government's Education Bill goes through, Mr. Bruce Millan, Shadow Scottish Secretary, said yesterday at a Glasgow press conference.

The proposals on school meals, milk and transport are "mean and shabby," he said. Taking away the requirement for local authorities to provide a school meals service would mean "putting the clock back to the 1930s."

He claimed that the Bill, which had its second Commons reading yesterday, would mean that half the 143,000 children currently receiving free meals in Scotland would lose their entitlement.

Local authorities were being put in an "impossible situation" if they wanted to continue running a school meals service while the Government is cutting the Rate Support Grant.

Special schools, where children might need milk and meals for health reasons, would also be affected.

Mr. Millan said that because of the higher proportion of children receiving free meals, Scotland should be considered separately. He said special provisions in the Bill for children from families receiving supplementary benefit "do not provide that proper school meals would be supplied."

"Yet we know that for many children it is unfortunately true that the school meal is the only decent one they get."

He accused Mr. Mark Carlisle, Education Secretary, of being "an educational Luddite."

He promised that the Opposition would fight the legislation and seek to expose the Government's educational policies at all stages of the Bill.

The legislation would stifle standards, negate choice and application of responsibility, and conspire against excellence.

In 12 months' time, very few parents would think that the Government had meant a word of what it said about wider choices in education.

The fact is that whole sections of the Bill on meals, transport and procedure for school closures are directed most of all towards substantial cuts.

He described the assisted places scheme as sabotage of the State sector. All educational bodies were unremittingly hostile to the proposals, he said. Even the Roman Catholic Church and the

Church of England were profoundly antagonistic towards it. "Standards are going to suffer because less is being spent in the classroom as a direct result of the Government's current policy, even before this Bill becomes law," he claimed.

In a strong defence of the legislation, Mr. Carlisle said that the assisted places scheme had been the target of "gross distortion" by the Opposition. "It is not—as has been said—a scheme of support for the privileged and the rich."



Mr. Mark Carlisle

a scheme aimed towards disadvantaged children."

The Education Secretary also defended the Government's proposals to allow local education authorities greater freedom in deciding availability, type and price of meals.

He claimed that many children do not eat school meals—even free ones. The system was uneconomic as a large part of the cost went in administering and serving the meals.

There were cries of protest from Labour MPs when he said: "A great deal of children who are allowed to have free meals are flogging their vouchers and spending this money on themselves."

The Bill would, he said, give parents the strongest right to choose their children's schools, even those under a neighbouring educational authority.

He stuck firmly to the Government's proposal that parents should have access to information about the schools' academic record and that examination results should be published.

Mr. Carlisle outlined the system of appeal for parents whose children did not get the school they chose.

The appeals committee would include councillors from the local authority, co-opted members and independent members of the local authority. Each would have a majority of at least one councillor or co-opted member.

Minister 'proud of arts cuts'

Mr. Norman St. John-Stevas, Arts Minister, faced a concerted Opposition attack yesterday over funding for the arts, museums and libraries.

Labour MPs claimed that expenditure cuts outlined in last week's white paper, along with the VAT increase, made nonsense of Government statements that 1980-81 funding should allow activities in the arts to continue at their present level.

Mr. Dennis Canavan (St. Rungaire W.), said this assertion by the Government was "dishonest". Britain's provision for the arts was at the bottom of the European league.

Mr. Willie Hamilton (Fife-C.) warned the Government against installing turnstiles in museums and art galleries or allowing their closure.

Mr. St. John-Stevas rejected Opposition charges that he should be "ashamed" of the white paper cuts. "Far from being ashamed of it, I am very proud."

Arts and libraries should bear their fair share of the cuts, although he declared he would "certainly deplore any discrimination against them."

Responding to Liberal claims that the Government was effectively placing the burden for cutting funding for the arts on the local authorities through proposed reductions in the Rate Support Grant, Mr. St. John-Stevas declared his opposition to "any discrimination within the parameters of the RSG against local libraries and museums."

Peers warn of danger to freedom of Press

BY IVOR OWEN



Lord Gibson

PEERS ARE to press for changes in some of the key provisions in the Protection of Information Bill, which was given a second reading in the House of Lords last night.

The Government was warned that, in its present form, the Bill could prove more damaging to the freedom of the Press by inhibiting the disclosure of information of genuine public interest than the "catch all" Section 2 of the 1911 Official Secrets Act which it repeals.

Lord Goodman, a former chairman of the Newspaper Publishers' Association, led demands that the Government should consult the chairman of the Press Council about changes in the Bill.

This would enable it to strike a better balance between protecting state interests and ensuring that no unnecessary barriers are erected to prevent the Press and public obtaining information to which they are entitled.

A crossfire of criticism was directed at the provision which seeks to give Ministers the power to decide — by the issue

of a certificate — that the unauthorised disclosure of a particular item of Government information was likely to have caused serious injury to the interests of the nation.

Lord Halsbam, the Lord Chancellor, who indicated that Ministers will give careful consideration to amendments proposed during the committee stage, argued that it was a function of Government to decide whether serious injury was likely to be caused to the interests of the nation.

A political test was involved and the Government believed that it should be made by a Minister subject to control by Parliament rather than being a justiciable issue subject to control by judges.

The Lord Chancellor stressed that the only immediate issue before peers was whether to give the Bill a second reading. He contended that for them to refuse to do so would be an act of "legislative Luddism."

The alternative was to leave Section 2 of the 1911 Act on the Statute Book, even though it was manifestly inoperable because it was unjust and anachronistic.

It was tolerable only because it was unenforceable and unenforced.

He stressed that the Bill was the fruit of public and private discussion in Government circles and outside over a period of nine years, and claimed that it broadly corresponded to recommendations made by the Franks Committee.

The Lord Chancellor made it clear that the Government had no present intention of coupling the Bill with more controversial measures, based on the principle of American legislation which would give citizens right of access to Government files.

Lord Elwyn-Jones, the former Labour Lord Chancellor, agreed with the Government that it would be wrong to repeal Section 2 of the 1911 Act and put nothing in its place, as had been urged from some quarters.

But the question which had to be faced was whether the Bill in its present form, might not catch too much information and might harmfully impede the Press.

He urged the Government to lift the veil on what it had in mind to meet the demands for a Freedom of Information Act. The Bill had received an almost universal bad press and the Lords must examine carefully how justified were the newspapers' fears.

A system where a Minister decided whether unauthorised disclosure of information was likely to have caused serious injury to national interests, would be interpreted as meaning that a crucial issue would be determined outside the courts before any trial could begin.

Lord Gibson, chairman of Pearson Longman, said the Government alone was left to determine what was or was not a secret.

He did not believe that any Government was the best instrument for deciding where the balance between freedom and security lay—particularly if such a decision had to be made at a time of political embarrassment.

Lord Gibson urged the Government to undertake discussions with the chairman of the Press Council.

Advertisement for Westward TV featuring a map of the South West tip of England and the text 'The Walking Westward series is one of the longest running (walking!) and most popular that Westward TV has produced.'

Two news articles: 'Concern at fire risk regulations' by James McDonald and 'Senior civil servant pleads guilty to fraud' by our own correspondent.

Advertisement for Clive Gunnell's walk around the South West tip of England, including a map and a photograph of Clive Gunnell.

Have you ever wished you could recover your balance?

Opencast workers to strike over pay claim

BY NICK GARNETT, LABOUR STAFF

UNION DELEGATES representing 6,000 workers employed on opencast coal sites yesterday gave employers two weeks' notice of a series of four one-day strikes in a dispute over pay and conditions.

Unless the contracting companies operating on the sites revise the offer, a further delegates' conference will reconvene in January to discuss the possibility of increasing industrial action.

The sites are an important source of anthracite. The decision to take limited action will affect contractors but is unlikely to have serious repercussions for consumers.

Mr. George Henderson, national secretary of the Transport and General Workers Union, which represents three-quarters of the 6,000 workers employed on the National Coal Board's opencast sites, said after yesterday's delegate meeting that further action in the New Year might involve a complete stoppage.

The Federation of Civil Engineering Contractors, representing opencast operators, said that it did not feel it had much room for manoeuvre in improving its offer.

The decision of the union ran counter to the best interests of the industry which would be served by unions and companies pressing for the opening up of more sites, the federation said.

A ballot among TGWU members resulted in three regions accepting the offer and four rejecting it.

However, the federation said that figures supplied by shop stewards showed that 3,100 voted in the ballot to accept the offer, and 2,143 to reject it.

But the delegate conference was unanimous in deciding on a series of four one-day strikes every Wednesday, starting on November 21.

Pay and conditions for opencast workers, who can earn £150 a week or more for using specialist equipment and working a lot of overtime, are covered by the main national

civil engineering agreement. The unions negotiate certain allowances for opencast workers above this agreement, however, and the transport workers' union is attempting to improve and extend these.

The claim involves an increase in the special conditions allowance from 13p an hour to £1.13 an hour and improvements in shift premiums and job rates. It also includes consolidation of all supplements, an extra week's holiday and some grading changes.

Employers have made an offer on the concessionary coal allowance and have agreed to join a consultative body with the unions on the opencast coal programme.

They say, however, that the conditions allowance is still, as intended, providing parity of minimum earnings between opencast and surface mine workers—and that all other elements of the claim must be discussed within the framework of national talks for civil engineering.

Vote goes against BOC 13% offer

By Nick Garnett, Labour Staff

MANUAL WORKERS at BOC's gases division have voted to reject the company's pay offer, worth about 13 per cent over eight months.

A special conference of delegates representing the 3,000 drivers and gas cylinder handlers is being convened later this month to discuss how to pursue their claim further.

By last night, 26 depots had rejected the offer, which the company says is final. Sixteen have accepted, and four results are still to come.

Two years ago, the same workers staged a strike which severely disrupted the supply of industrial gases and caused considerable lay-offs. Last year, they were among the first to breach the 5 per cent pay guideline, but the eventual settlement—at 9.3 per cent—was low compared with later pay deals.

BOC's offer involves an increase of £7.60 on basic weekly rates of £74 to £78. Average earnings are currently £107.83.

Vauxhall plant set to stay idle this week

BY PHILIP BASSETT, LABOUR STAFF

VAUXHALL MOTORS' Ellesmere Port plant on Merseyside seemed set yesterday to remain idle for at least another week after a decision by 270 machine setters to continue their 10-week-old strike.

The setters, members of the Amalgamated Union of Engineering Workers, held a meeting yesterday at the plant after discussions last week with local officials of the union, but the feeling in favour of remaining on strike was strong enough or no vote to be taken on the issue.

Union officials are in touch with the setters' leaders, who have set a date for a further mass meeting next week.

The setters' opposition to the company's 17 per cent pay offer centres on a new differential it

establishes for 1,200 fitters at the plant, who are also AUEW members.

Both groups are currently on a rate of £86.80 a week. The offer gives the fitters a new rate of £100 a week, and the setters £99.20. Though the differential is small, the setters feel they have been downgraded.

All other major groups at the Ellesmere Port plant have now accepted the pay offer. But the company is not recalling them until the setters' dispute is settled.

Vauxhall said yesterday that it was "reviewing its position" after the setters' meeting. The company has already warned that he strike has jeopardised the plant's future.

Nuclear workers accept 23% nine-month deal

BY OUR LABOUR STAFF

BRITISH Nuclear Fuels 6,500 manual workers have accepted pay increases of between 23 and 27 per cent in a nine-month deal.

The settlement, which includes consolidation of an £11.50 supplement from stage one of the last Government's pay policy, brings forward the group's settlement date from October to July next year.

General workers on a new top grade, according to the main union involved, the Transport and General Workers, will get a 27 per cent increase to take them to £86.13. Craft workers win a similar increase to take

them to £93.10. Rates in the general three grades will increase by 25 per cent, to give new rates of £74.14, £77.66 and £81.14. Craft estimators move from £67.71 to £97.66 and non-craft from £63.06 to £90.53.

The deal also includes a site allowance, new rates for public holidays and for working at heights and in abnormal conditions. The settlement follows a deal for 4,500 United Kingdom Atomic Energy Authority workers which union officials now put at being worth 21 to 28 per cent.

Royal Mint Gold Proof Sovereign.

The Royal Mint announces that the limited issue of 1979 UK Proof Sovereigns has been oversubscribed and regrets that many applicants will be disappointed. In these circumstances mail order customers have been given preference, but even so it will be necessary to impose a limit of one coin per order and to select successful applicants by ballot.

The Royal Mint apologises for the delay in processing orders and in returning cheques to unsuccessful applicants. These matters will be dealt with as quickly as possible, but there will be a delay of several weeks before replies have been sent to all requests to purchase 1979 Proof Sovereigns.

Would-be purchasers are reminded to guard against inadvertently purchasing 1979 UK standard sovereigns or other similar gold coins, believing them to be 1979 UK Proof Sovereigns. The term 'Gold Sovereign' can mislead purchasers and they should establish whether they are being offered a standard or Proof Gold Sovereign. The main distinguishing feature of a UK Proof Sovereign is its frosted design.

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LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of LOCAL AUTHORITY BONDS

Secondary blacking appeal opens

LORD DENNING was wrong to hold that secondary blacking action in a newspaper industry dispute was illegal, the House of Lords was told yesterday.

His decision, with that of two other Appeal Court judges last December, was contrary to laws established for 70 years. Mr. John Melville Williams, QC, for the National Union of Journalists, told five Law Lords headed by Lord Wilberforce.

The NUJ, backed by the TUC, is appealing against the Appeal Court's order that the union's instruction to Daily Express journalists to black copy from the Press Association, the national news agency, was illegal.

The instruction was in support of Post Office's seven-week provincial journalists strike which ended in January. The NUJ is proceeding with the appeal to test the legality of secondary blacking.

which it regards as a fight to maintain a free flow of news.

It had claimed that, although not in dispute with the NUJ, its own employees or the Press Association, the blacking of Press Association material had lost thousands of copies and resulted in poorer quality newspapers, produced at greater cost and less efficiency.

Mr. Melville Williams told the Law Lords that the NUJ called the provincial journalists' strike in support of a wage claim. It called the Press Association out in support.

Only about half the Press Association's NUJ journalists went on strike and the union lost a "major" construction of its other members on national newspapers, including the Express, and other branches not to black the Press Association copy.

would go to provincial papers."

The question was whether the union's instructions could properly be said to be "in furtherance of a trade dispute" between provincial journalists and their employers, so qualifying for immunity under the 1974 Trade Union and Labour Relations Act.

Lord Denning had said the words were "not to be construed widely, so as to give unlimited immunity to law-breakers."

But in a previous case the House of Lords had held that the words in the Act were to be construed with their natural meaning.

cases, after a trade dispute had been shown to be in existence was: Was the act done in furtherance of that dispute? The question was not: Will the act done in fact further the trade dispute?

The court's concern was the nature and quality of the act, not with its subsequent or likely results. The court must decide whether the union's act was done genuinely to further a trade dispute, that was to say, to "give aid, assistance or encouragement."

The NUJ's instruction to its members at the Express had to be looked at in that light. It was genuine and it was done to help and encourage the NUJ. "Where, as here, the words are clear and have a meaning established for 70 years, and have been re-enacted in the light of the established meaning, it is not for the court to say that they are to be construed differently."

Fight cuts, Evans urges

BY OUR LABOUR STAFF

MR. MOSS EVANS, general secretary of the Transport and General Workers' Union, yesterday called for "massive support" for a union lobby of Parliament at the end of this month against the Government's public expenditure cuts.

the lobby, and the union's 11 regional secretaries have been asked to give it priority.

Trade groups outside the public services group are also being asked to take part.

Mr. Evans said the lobby, which is planned for November 20, would be the start of a long campaign to demand jobs and higher wages.



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- Runway 16/34 (3700 m). Aircraft of more than 45 scheduled airlines observed.
- Swissair Catering (prepares almost 20,000 meals a day for Swissair passengers and those of over 30 other airlines).
- Road to Zurich (11 km to centre).
- Swissair B-747 being readied for the flight to New York.
- DC-10-30 fresh from major overhaul (awaiting passengers for Swissair flight 202 to South America).
- Swissair DC-10-30 (with 8 instead of 9 seats abreast in the economy class) at the dock. Just arrived on time from one of the 9 Far East destinations.
- Baggage container (unloaded from a DC-10-30 that has brought passengers from one of Swissair's 19 African destinations. The bags of transit passengers are transferred direct to connecting flights).
- Swissair DC-9 to one of the more than 40 European destinations taxiing to the take-off runway.
- Briefing room (here Swissair crews prepare for their flights to more than 90 destinations all over the world).
- Swissair flight 392 ready to take off for one of the 11 destinations in the Middle East.
- Cargo terminal (handling capacity 225,000 tons a year. Swissair carries goods to more than 90 destinations).
- Transit building with banks, post offices, telephone services, restaurants, bars, showers, nurseries, tax-free shops, and many other shopping opportunities.
- Arrival building with Welcome Desk for hotel reservations and excursion arrangements in Switzerland and neighbouring countries, from 2 hours to 2 weeks.
- General aviation centre (private and taxi aircraft).
- Parking Garage B (capacity 2100 vehicles) with shopping centre (e.g. delicacies, pharmacy, men's and women's fashions).

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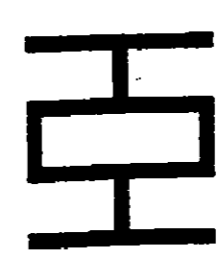
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THE JOBS COLUMN

Signs of new tide of executive candidates

BY MICHAEL DIXON

THE MAIN, SUMMER JOB-HUNTING SEASON—1975 TO 1979

Table with columns: Candidates in May to Sept. 1975 (=100), May-Sept. 1976, May-Sept. 1977, May-Sept. 1978, May-Sept. 1979. Rows list various professions like General managers, Admin. managers, etc.

"A 'NEW spirit of adventure' has been awakened in the United Kingdom since the Conservative Government took power in May, according to the Chancellor of the Exchequer. That may account for the message of the accompanying indices illustrating changes in the supply of job-candidates coming to the managerial employment market. But I have my doubts. The indices refer exclusively to the employment market in the summer months of early May to early September. For some reason, these months are the main job-hunting season for UK executives and specialists. My figures are based on people who have registered during the successive main seasons, as candidates with the State-sponsored Professional and Executive Recruitment Agency. Since 1975 these registrations have been reported by the Reward Salary Survey. It is now part of company with PER. But before doing so, Reward made available the data for May to September this year, which coincided with the Conservatives' first months of office. The PER registrations during those months are presented in the table as indices, as are the registrations for the corresponding period of the three preceding years. The bases for candidates in each job category registered during the main season of 1975, when UK demand for managers and specialists was plunging steeply towards the trough which demand reached at the end of that year. Trends in apparent demand for candidates are not necessarily coincident with the supply thereof. And although the registrations I have used as raw material are a long way from perfect evidence, PER is undeniably the UK's biggest and widest-reaching recorder of managers and specialists seeking other employment. So the agency's data provides probably the best available indication of movements in the supply of candidates. From summer 1975 to the main season a year later, the number of people seeking new jobs increased in all categories, and in most of them the number increased markedly. In summer 1977 the tide of supply was on the change although overall, there was still a slight rise. By the main season of 1978 the supply of job-hunters had fallen in all categories. And, although this is not shown by the table, the number of candidates continued to fall through the autumn of last year, and through the winter, and through the most recent spring. Then, suddenly last summer, the tide changed again. There was a general rise in the registrations of job-seekers. The only exceptions were quantity surveyors, physicists and civil engineers and of these, civil engineers constitute the only

coincides with a declining trend of demand. If I am right about the meaning of the PER registrations, there looks to be a worrying time ahead for UK managers and specialists employed in exposed positions. It is sad to have to report these signs, but I feel sure that forewarning is better than false confidence. And I feel the more sure since hearing, at the latest conference of the Institute of Personnel Management, a talk by Ken Jones, a consultant who was formerly concerned with the counselling and re-training service set up for people made redundant from the British Steel Corporation. Mr. Jones has worked out that unemployment started this summer. It is not the fault of the Conservative Government. But neither, in most instances, is it the fault of the threatened managers who surely—despite the new spirit of adventure—ought not to be left to recover, or otherwise, on their own initiative. You cannot pull yourself up by your bootstraps to compete with micro-economies. Some further sensible, central initiative is needed, and I intend to discuss this in another Jobs Column soon.

major category in terms of numbers. Among the other major categories, general managers and administration managers recorded merely small increases, the rest rose by more than 5 per cent. Now, as I said at the beginning, this apparent surge in the supply of managers and specialists looking for new jobs, might be explained by the Chancellor of the Exchequer's "new spirit of adventure." But I feel that this is unlikely to be so unless one defines the adventurers to include not only those who travel voluntarily, but also those who travel as pressed men. With all due respect to PER, its registered candidates contain a significant proportion of people who have lost or are about to lose their jobs. So I suspect that executive unemployment has started to increase again. Moreover, there is a difference between the latest supply-side surge and the one which took place in 1978. The increase of three years ago occurred as the demand side of the jobs market for managers and specialists was seeing its way up again towards its most recent peak which, according to the MSL Index, it reached in the spring of 1978. The present upturn in supply

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The case against a shorter week

BY JASON CRISP

THE PROSPECT of a shorter working week was one of the issues which greatly exercised managers at the annual conference of the Institute of Personnel Management. Pat Lowry, personnel director of BL reflected bitterly, "We need a shorter working week like a hole in the head."

John Lloyd examines NEI's strengths after its two-year struggle for survival against the odds A growing power beside the Tyne?

NORTHERN Engineering Industries is now nearly two-and-a-half. This infant, which looked sickly at birth, and had many of the powers in the land working hard to abort it, is now said by its competitors to be kept alive by artificial means... yet survives, even grows, and plans to expand.

The power plant industry worldwide has, since the mid-1970s, been suffering from a deep depression. Rising oil prices have slowed growth and depressed electricity consumption: while growing anti-nuclear feeling has disrupted - or even halted - nuclear plant programmes in a number of industrialised countries.

we are in power plant. We can see large opportunities in the area both here and in the U.S. We haven't got large cash reserves, but we're not highly geared; we can borrow to do it.



Duncan McDonald: "I have never been in any position other than a small company challenging the big fish."

Exports currently account for 25 per cent of the company's turnover (£451m last year) putting it in the UK top hundred exporters, while overseas manufacturing accounts for 16 per cent. It is aiming to increase both. "We have to be more export-oriented because of the state of this country - but it's hard. The pound's upward movement may be damaging; countries like Korea and India are challenging. We will increasingly have to make bits and pieces in other parts of the world."

In the meantime, he has had even harder work cutting the old Reyrolle division down to a size commensurate with its reduced throughput. The task was bitter because Reyrolle was "his" company; he had been brought down from Edinburgh, where he had been manager of the Bruce Peebles transformer company, to sit on Reyrolle's Board in 1973 when Bruce Peebles was taken over. By 1976, he was chief executive. "It was making a £2.5m loss in the late 1960s; by 1977, it was turning in a £5m profit. We put it through a massive change - it came down from a workforce of 10,000 to 4,000 and it's now the most advanced switchgear plant in Europe."

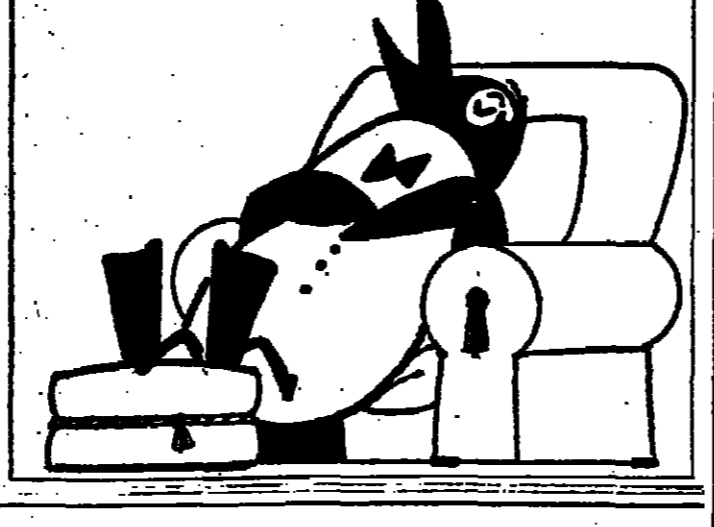
Take advantage of the ABOLITION OF EXCHANGE CONTROLS

A national conference on how to get the best out of the new tax/exchange control climate has just been arranged for 20 November 1979 at the London Hilton. Presented by three leading tax consultants at a PRACTICAL and NON-TECHNICAL level, the conference is a must for all businessmen (and their professional advisers) who are doing business abroad - and for those who should now be considering the opportunities.

NEI has also been successful in taking the bulk of the design contracts for both the boiler and turbine work on the two new Advance Gas-Cooled reactor (AGR) stations at Heysham and Torness; GEC has the smaller turbine orders for Torness, while Babcock might take 20 per cent of the boiler work for both stations: NEI takes the rest.

IS THE PERK AN ENDANGERED SPECIES?

Yes... Big guns in parliament, the media, and other places have their sights trained on the Perk. Ornithologists with a tax to grind are looking at it menacingly. For an established British species, the change from sitting pretty to sitting target has taken no time at all.

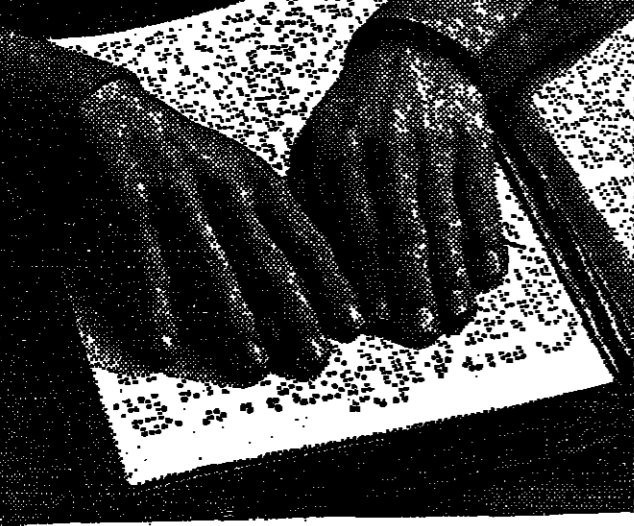


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THE ARTS

Royal Academy

John Flaxman

by DAVID PIPER

"The great and golden rule of art, as well as of life, is this: that the more distinct, sharp and wiry the bounding line, the more perfect the work of art." Thus William Blake, and thus also William Blake. "Dear Sculptor of Eternity—You, O dear Flaxman, are a sublime Archangel." Blake was notoriously prone to hyperbole, and his judgment of artists eccentric by most standards, dismissing as he did the "ignorances" of Rubens, Rembrandt, Titian, Correggio—

as soft machine-drawn wire compared with the sharp but delicate tension of the hair-spring of a watch. The void surrounded by the outline may seem as empty as a yawn. Indeed, Flaxman himself was embarrassed by the international respect paid to his "outrlines." He had intended them originally as blue-prints for sculpture, in which medium outline would have found substance in the subtly swelling modulation of reliefs.



'Come thou Blessed' a model for the monument to Agnes Cromwell

The exhibition, John Flaxman, R.A., at the Royal Academy until December 9, sets out the history of these illustrations fully—in original drawings, engravings in various degrees of degradation, and works by later artists inspired by them. For Flaxman's outline on analogy with wire proves on close inspection not to be quite accurate. It does have a remarkable tension, but finally established with the resistant pen over initial pencilled indications, is very varied, often broken, and it is this variation that gives it its vibrancy that tends to be killed by the mechanics of engraving.

Wexford Festival—1

Crispino e la comare

by RONALD CRICHTON

The bill of fare at Wexford this year was enough to tempt the most sated operatic stomach: three once-popular works by Italian composers, about as well diversified as could be. Spontini's *La Vestale*, written in French for Paris, an imposing monument from the last days of opera seria. Montemuzzi's *L'amore dei tre re* which, however hard it pretends not to, belongs to the age of verismo. Finally, an opera buffa, *Crispino e la comare*, a straggler from the time of Donizetti, written in collaboration by the brothers Ricci.

Crispino duly resuscitates a stone mason and cures his miserly landlord's ailing daughter—the old boy sickens in her place. But success and wealth make the cobbler-doctor overweening. He is arraigned by the fairy in a scene followed by a brisk moralising finale—the two are like a folk-memory of *Don Giovanni*. The piece has an unsophisticated, volkümlich quality that I found delightful, recalling the fairy plays of the Viennese Ferdinand Raimund, at the same time suggesting a country cousin of the fingered Count—Molière *Médécine malgré lui*.

well but not over-drilled movements and a hint of chess-board formality of the kind the D'Oyly Carte are inclined to overdo—the style presumably has roots far back in comic opera tradition. Tim Reed's designs—a Venetian campo seen in steep perspective with baroque-type architectural wings that revolve for quickish transformations—were exactly right for the Theatre Royal at Wexford and for this work. They were also a pleasure to look at.

Grand, Leeds

Der Fliegende Holländer

by MAX LOPPERS

Though Friday's performance may have appeared to prove the contrary, not much is basically wrong with the new English National Opera. Flying Dutchman, nothing that cannot be solved by Havelier singing from most of the principals, more dramatically focused conducting from David Lloyd-Jones, and a swift replacement of the original language by an English translation. The first two requirements may well arise spontaneously during repeated performance; the third was immediate and decisive action on the part of the administration, when it has finished pondering the consequences of singing Wagner in a language foreign not only to the audience but, all too evidently, to most of the cast. On Friday it seemed at times as if only Senta, the American-born, Hamburg-based Ariane Saunders, were not a member of some bizarre beginner's German course for singers.

Covent Garden

Pavarotti by DAVID MURRAY

A Luciano Pavarotti recital doesn't call for a lot of critical rumination. Pavarotti is (not to take sides) one of the best Italian tenors before the public, distinguished alike by his sure musicianship and by the beauty, power and security of his voice. A recital with piano makes a wildly inappropriate setting for him, even a little ridiculous, justified only by the fact that—as on Sunday—an opera-houseful of people would rather hear him than any other tenor at all (and were prepared to pay as much as they would for a full-scale operatic performance).

thrilling arias from the singer's repertoire; that, however, would be unhealthy, and they are not going to get it. Instead there will be a neutral group of 17th and 18th century arias, permitting the singer to warm up and try the house, followed by a judicious alternation of full-blooded arias—bleeding chunks with makeshift beginnings and endings—and lighter numbers from the dustier reaches of the past, undemanding but with a decent range of high notes. A stalwart artist will aim also to supply encores which keep him again in full operatic cry.

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LSO/Svetlanov by ANDREW CLEMENTS. Yevgeny Svetlanov conducts the mainstream 19th-century repertory infrequently enough in this country to make even his account of orchestral contribution to Brahms's violin concerto of considerable interest. On Sunday evening with the London Symphony Orchestra Svetlanov conducted the young Israeli violinist Miriam Fried in the concerto. The performance gradually picked up after a ponderous, flabby start. The opening tutti set off at a sedate pace, and Miss Fried's first entry did little to provide momentum; often in the movement she seemed uncertain whether to linger or to move proceedings along.

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Tuesday November 6 1979

An expensive lesson in free collective bargaining

By CHRISTIAN TYLER, Labour Editor

The CBI and bargaining

THE Confederation of British Industry had rather a flat opening day for its first national conference, but today it reaches the red meat of its agenda: pay bargaining. Events have overtaken the first day's agenda; the decline in sterling between the draft and the debate saw to that. By freeing exchange controls, the Government has done all that it can in the short run to allow the currency to reach a realistic external value. Reduced public expenditure and a fiscal balance more appropriate to the Government's monetary objectives may permit some further adjustment; but that is all the Government can be asked to do.

One consequence

The result will certainly not be enough to blunt the edge of foreign competition on its own. One of the consequences of a monetary policy designed to act as a brake on inflation is an exchange rate which will remain too high for the comfort of any but the most efficient; that is one of the ways in which the policy works. Industry is well aware of this, and employers are already showing considerably more determination than for some years past to resist unreasonable wage claims. However, the results so far, as is shown in an analysis on this page, are not encouraging. Hence the CBI is seeking to agree on new approaches to the problem.

Which has already been rejected for the time being by the Government is the effort to launch some new forum in which economic realities could be discussed. This is an effort to achieve the kind of co-determination which has served so well in such countries as Germany and Austria, and is hardly new here. The late Mr. Reginald Maudling was inspired by the same idea when he launched the National Economic Development Council.

Power to deal

It would be surprising if a second forum of much the same kind produced any strikingly better results than the first in present British circumstances: in the language of the City, the trade union leaders have not got the power to deal, even if they wished to do so. This is the problem which has dogged not only employers, but successive governments of both parties, for decades.

The causes of this virtual anarchy are complex and deep-seated, but two seem worthy of

TO SPEAK of a pay norm is tantamount to blasphemy in Whitehall these days. Civil servants who formerly spent hours poring over the fine print of company pay agreements to see whether they "conformed," are now expected to register a total lack of interest in the way the country's pay bargaining is going.

But outside Government circles, company negotiators speak of little else. There is, of course, no "norm" as such. But the going rate—always a potent influence in any wage round—has quickly taken its place in the personnel managers' vocabulary. What is more, the going rate is being quoted at around 16 or 17 per cent today, and forecasts of 20 per cent or more by the end of the winter are not uncommon.

This is the reality of collective bargaining in the first year of freedom since 1974 and one of the few unbroken periods since the last war. As the personnel managers of one large company said recently: "We've just got our deal in at 15 per cent—and here we are congratulating ourselves because we're early in the round."

Mrs. Thatcher's programme of re-education in the philosophy of the free market wages has to deal not only with attitudes but with perhaps half an eye on the Ford Motor negotiations) also said that a company's profitability was not, as the Ford unions have argued, a proper justification for big wage demands.

To be sure, the captains of industry taking the rostrum at CBI conference will echo their praise of this approach, as they lay their plans for developing "employer solidarity."

But if there is confidence on the platform, there does not seem to be much in the gallery. Unofficially, the CBI is believed to be begging company chairmen to settle below the rate of inflation—and preferably at no more than 15 per cent.

ment at least—is a matter for negotiators alone, the suspicion remains that no Government, including the present one, can stand by while the country bargains itself into bankruptcy. Mrs. Thatcher will have nothing to do with pay policies, but when pressed, she has refused to rule out a pay freeze in an emergency.

Plans for an "economic forum" have been shelved, partly on the grounds that it would be difficult to set up the necessary apparatus without suggesting that a pay norm should be applied, and partly because the TUC is just not in the right frame of mind to participate.

For the present, the Government is confining itself to warnings that greed at the bargaining table will lead inexorably to tears in the dole queue. The accent is on pay for productivity—a message reinforced recently by Mr. James Prior, Employment Secretary, who (with perhaps half an eye on the Ford Motor negotiations) also said that a company's profitability was not, as the Ford unions have argued, a proper justification for big wage demands.

Inevitably, questions are being asked about how long this Government can resist the effort to give employers and unions to assimilate the lessons of their new freedom (albeit under tight monetary control).

It was to be expected that the first year of free collective bargaining, following the disintegration of Mr. Callaghan's 5 per cent policy should see a rash of high wage settlements. Workers tried to re-establish lost positions in the earnings league. Nor could the Government expect a clean start: delayed settlements from the last round—notably in electricity supply—and rises for public service workers that were relatively generous in percentage terms—meant that the former wage round merged into the present one.

Add to this a retail prices index figure nudging up to a 12 month rate of 17 per cent and the first impact was bound to be serious. What is perhaps more serious from the Government's point of view however, is that employers—with a few notable exceptions—seem to have been paying up.

It would probably require three or four years of the present non-interventionist regime for anything like a free market in wage bargaining to take root. So far, Ministers have confounded the sceptics by staying aloof—although the tenor of their speeches suggests a growing alarm at the size of offers and settlements. Despite their protestations that negotia-

Table with 2 columns: Month and Settlement/Claim details. Includes entries for June, July, August, September, October, and November with various industry-specific wage and claim information.

No welcome for a coup

THE TRADITIONAL instability of Bolivian politics has shown itself once again. Last week's coup d'état by Colonel Alberto Natusch is, however, more important than many of the 200 other coups which preceded it in the century and a half of Bolivia's independent existence.

Clandestine

President Walter Guevara Arze, the interim civilian president who was installed as head of State a few months ago after an inconclusive result to general elections, has not accepted a fait accompli and has refused to recognise Colonel Natusch's action. In the eyes of many perhaps most Bolivians Guevara is still president though he is being obliged to operate in a clandestine fashion. Many civilian politicians also have defected to Colonel Natusch's decree dissolving congress. Some military units have maintained pockets of resistance to what they consider to be a plot hatched by right-wing extremist factions in the army.

Domestic resistance to Natusch and his right wing colleagues is significant. It proves that respect for the constitution and the rule of law is greater than is sometimes supposed by observers of the Bolivian situation. At least as significant is the reaction from outside Bolivia. The hostile nature of this reaction appears to have come as something of

MEN AND MATTERS

All brothers at the Consul

Fraternal greetings will come with the early morning tea at the Consul Hotel from now on. The Transport and General Workers Union has bought the hotel in Lancaster Gate, London, for £600,000 to put up its members when they come to town.

Nota bene

A colleague queuing in the main Paris branch of Barclays Bank last week saw the man ahead of him withdrawing FFfr 11,000. When the girl behind the counter began handing over FFfr 100 notes, the customer hurriedly pushed them back and asked for notes of different denominations. He explained that he was the cashier of a large French haulage firm, whose trucks went as far as Iran.

Ojukwu appeals

Nigeria is waiting to see what will happen to the High Court appeal of the long-exiled

Battle for The Times

Employer morale has not been helped by the symbolic defeat of the Engineering Employers Federation over the shorter working week. The EEF fought what, certainly in trade union eyes, was the opening campaign in the struggle to reassert employer power—and it lost.

Fuel-less smoke?

Unsubstantiated rumours of a takeover looming for Consolidated Gold Fields have driven its share price up 50 per cent in nine months. Everyone in the City seems to have a view on the matter, the most influential, self-fulfilling, and therefore enduring being that there is no smoke without fire.

Footnote faults

At a fund-raising dinner in New York on Sunday Henry Kissinger proved again that his ego is as robust as ever. The host of the gathering introduced the former US Secretary of State with a longish eulogy, then added carefully: "Of course, Dr. Kissinger has made his mistakes as well." Coming in the wake of the controversy about his role in Cambodia, this plainly struck Kissinger as stinging criticism and he blenched visibly.

Handle with care

The debate about monetary policy has become so fraught, according to one Treasury official, that discussion documents sent to the Bank of England by the Treasury are being sent back marked "Top Secret."

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Sir Derek Ezra, chairman of the National Coal Board, every penny put on the bargaining table

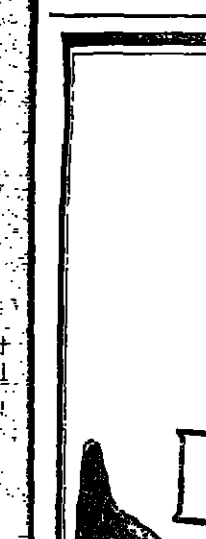
At the same time the old 12-month habit is being widely broken, in oil companies, in the banks and elsewhere—as employees come back for more or take short deals—sometimes because it suits the employers to change the anniversary date. Productivity deals, so much a feature of the last incomes policy, reportedly dropped off during the later months of the last round as the policy crumbled. There is some evi-

dence that companies are now looking for real, rather than cosmetic productivity bargains. Two other features stand out. One is the way in which the public sector has been leading the way in the past year—in gas, water, electricity, the Post Office and the nuclear industry, for example. The other, of course, is the renewed pressure on employers to concede shorter working hours.

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Stars of the next decade

THE TITLE of this page suggests that Japan is about to make a new leap in the markets of the world. The country's economy in 1979 was expected to grow by 4.5% and 1980 by 5.5%.



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FINANCIAL TIMES SURVEY

Tuesday November 6 1979

السوق المالية

Japan's New Industries

Japan's trade strategy for the eighties is to concentrate on the products of advanced technologies such as electronics, aircraft and nuclear power. There are already signs that this is bearing fruit, with the added bonus that competing industries of the West seem keen to enlist Japanese help in promoting joint international ventures.

Stars of the next decade

By Richard Hanson

THE TITLE of this survey may suggest that Japan is about to launch a new export assault on the markets of the world, just like the onslaughts of the 1960s and 1970s except with more sophisticated (and perhaps therefore more menacing) products in the vanguard. The European or American businessman who witnessed the past success of Japanese steel, ships, colour televisions and cars in his own backyard might well shudder at the thought. It is not, however, a signal to pull up the drawbridge and man the barricades. The new wave of export products is not

likely to spark the same kind of sometimes emotional confrontations between Japan and its trading partners which has dominated the trade news of this decade.

This is not to say that Japan has lost any of its ability to effect thorough penetration of overseas markets. The new exports are proving to be pacesetters around the world. What it does mean is that Japan is becoming successful in areas which could well point the way for other countries. This could mean more co-operation with Japan in some cases, and a great deal of catching up in many others.

The "new" generation of industries emerging in Japan has already begun to play a very important role in the domestic economy.

During the latter half of the 1970s Japan has experienced a great deal of painful readjustment to the realities of soaring oil prices (coupled now with limited supplies), recession in traditionally strong industries like shipbuilding and steel, and the double-punch effect on exports of protectionism abroad and a sharply appreciated currency.

It is now obvious that many of the industries which provided the stimulus for rapid economic growth over the past two decades have reached something of a plateau. Shipbuilding and colour TV production peaked in the mid-1970s in terms of export

earnings. The shipbuilding industry now has only 35 per cent of its 1974 capacity intact, having scrapped or mothballed the rest under watchful Government eyes while riding out the prolonged worldwide shipping recession (caused in part by overbuilding in Japan).

Colour TV makers have shifted virtually all production for the U.S. market to the U.S. itself (because of U.S. restrictions on imports) and have already saturated the domestic market (sales at home have remained buoyant despite this).

The motor industry reached what is widely regarded as a ceiling on exports in 1978, when car shipments accounted for nearly 16 per cent of the country's total exports. The value of those exports will probably rise slightly this year, but in years to come may never regain their former dominant position.

Orderly

The steel industry, now operating at around 70 per cent of its blast furnace capacity, seems content to maintain a world of "orderly marketing" agreements. Any new increases in the value of exports will be more the result of producing more expensive steel products rather than of a surge in volume.

This brings one to the area in which Japan has been consistently expanding exports, a vaguely defined category called

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"general machinery" which made up 35.9 per cent of 1978 exports compared with only 24.3 per cent in 1970. This is the category in which many of the "new" industries fall.

They include industries producing small tractors (a market which Japan both nurtured and dominated while the big boys paid no attention), medical electronics (taking advantage of developments in the U.S. and Europe), office machinery, communications equipment, small computers, industrial robots and numerically controlled machine tools.

The common thread running through most of these industries is technology and the use of sophisticated electronics (such as integrated circuits), automation and the combining of several functions in one unit (always a Japanese strength). In turn, the growing use of electronics is spurring new business opportunities. Car electronics

in Japan, for example, may produce a \$10bn industry by 1990.

From a "national interest" point of view, the "new" industries of greatest importance (and as a result the ones which have received the most attention and funding from the Government) are large computers and computer systems, aerospace and nuclear power. In each of these three areas Japan was a relative latecomer. Initial efforts were directed at simply catching up on the levels already achieved in the U.S. and Europe.

Second

The strategies appear to be working well enough. Japan now has the second most powerful computer industry in the world (having fostered the industry since the 1960s in a "hot house" atmosphere, while carefully fending off total domination by America's IBM). European and American air-

craft and aircraft engine makers are beating a path to Tokyo trying to enlist Japanese co-operation in developing a future generation of commercial jet airliners.

In nuclear power plants and components, Japan faces the difficult problem of not having its own nuclear fuel and having to act within the constraints imposed by the need to avoid the proliferation of weapons grade nuclear fuel.

But Japan, despite serious delays in building nuclear power plants at home, is already the second largest user of electricity generated by such plants. Its dependence in the future will increase rapidly.

More important, however, is the fact that the Japanese nuclear industry is fast becoming as sophisticated as any in the world. It may overtake the U.S. and European countries if progress continues to be blocked by strong anti-nuclear lobbies in those countries.

One characteristic of all of the new industries is that (largely because they are new) there are usually a large number of companies involved and the competition therefore severe. This may have the effect of weeding out the weaker companies (as has happened already in big computers) but it also provides the impetus for big advances in the quality and variety of their products.

Eventually, Japanese businessmen assume that assurances of quality (the no-defect colour TV, for example) will assure markets overseas.

Of course, the competition also encourages a rapid expansion of exports by companies which know very well the merits of large-scale production.

There is, however, less likelihood that the new generation of exports will create the same kind of world tensions (and protectionist sentiment) among trading partners which arose in the case of cars, steel, ball bearings and colour TVs in the 1970s.

First at this stage many of the new generation products are being sold through "OEM" arrangements, i.e. under the brand name of local companies. This is true for the large computers which Fujitsu and Hitachi sell in the U.S. and Europe. The strategy is to build up exports rapidly, but it will be changed as quickly as possible to use of the Japanese brand names. Even this switch

will not be all that important because in most cases the products involved will not actually surface very much into the public view anyway.

Secondly—and some consider this a more important factor—the Japanese are not presenting new challenges in industries which (as was the case in steel for both Europe and the U.S.) are suffering from outdated plant and equipment, and where local inefficiency has been encouraged by government problems. Japan may be out-running the Europeans in many new areas and catching up with the U.S., but the competition is with the fabled giants of American industry, like IBM and Xerox, which for a long time held virtual monopolies in certain fields.

Example

Finally, the products which Japan is offering the world are in many cases only available from Japan at the moment (home video tape recorders are perhaps the most dramatic recent example of this).

The advance of new Japanese industries is providing Europe and the U.S. with a very strong challenge for the future, but trying to catch up with Japan should certainly be considered a far healthier situation than what happened in the past, when a great deal of effort in other countries went into defending industries already mired hopelessly in the past.

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JAPAN'S NEW INDUSTRIES II

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TECHNOLOGY RICHARD HANSON

tries to have become a net exporter of technology.

Foreign technology is, however, becoming less readily available to Japanese companies, and the agreements of recent years carry more restrictions of how and where Japan can sell the products it builds using such technology.

Japan has traditionally been a heavy importer of foreign technology under licensing agreements which have provided a relatively cheap means of adding new product lines (which in turn successfully compete with industries in the countries which did the basic research and development).

Japanese innovations and improvements, or in some cases in its original form.

With the supply of new technology available from the West expected to dwindle further, Japan is in danger of losing this source of know-how (and the de facto ability to monitor and control the technological development of its aggressive trading neighbours in South Korea and Taiwan).

Japan's basic problem is that its spending on research and development falls far short of the efforts being made in the U.S. and Europe.

Another critical difference in the R and D programmes in the U.S. and Japan is that private business in Japan accounts for the bulk of the spending. This

is important because the amount of private spending for "basic" R and D is less than 5 per cent of the total companies are naturally more interested in "applied" development research—i.e. that which leads to new products, equipment, systems, etc. The heavy involvement of the U.S. Government in R and D assures that a bulk of its money goes into basic research.

Independent economists say that a doubling of Japan's R and D will be required to keep up with the most advanced levels of technology. One indication of the concern developing in the private sector is a recent call by the powerful business organisation, Keidanren, for a doubling of the Government's R and D budget over the next three years.

The Government does encourage through a number of national laboratories which are heading up projects on energy conservation and alternative energy sources. And it has provided the seed money and

organisation for development of important technology such as very large-scale integrated circuits for use in the next generation of computers, where (as in nuclear power) the expenditure and risks are too great for private business to carry alone.

The deeper problems facing Japan in the area of research are ingrained in the education system, which has tended to hinder the development of scientists free to concentrate on the theoretical and creative side of research. University research facilities are often poor as a result of inadequate funding. Perhaps more important, the rigid system of advancement in the academic world tends to stifle students during their most creative years.

Universities, in fact, have declined over the past 15 years from a 38 per cent share of all R and D spending to about 28 per cent. The Government bureaucracy in Japan monitoring technology (the Science and Technology Agency, which comes administratively under the Prime

Minister's office) is much smaller than it should be and (some say) lacks an adequate number of trained technical experts to monitor R and D (again related to low budgets). The past deficiencies cannot be made up overnight. Keidanren listed 75 areas in which technological development on a grander scale should be carried out in order to facilitate smooth economic growth in coming decades. The Government itself will have to undertake a major rethinking of its handling and (most urgently) co-ordination of the research activities already in progress.

GOVERNMENT EXPENDITURES ON SCIENCE AND TECHNOLOGY 1977

Table with columns: Country, In Y100m, % of total budget, International scale (Japan=1)

Minister's office) is much smaller than it should be and (some say) lacks an adequate number of trained technical experts to monitor R and D (again related to low budgets).

The past deficiencies cannot be made up overnight. Keidanren listed 75 areas in which technological development on a grander scale should be carried out in order to facilitate smooth economic growth in coming decades. The Government itself will have to undertake a major

rethinking of its handling and (most urgently) co-ordination of the research activities already in progress.

This will include changes in the budgeting system and above all more money. With the Ministry of Finance entering a period of budgetary austerity, it is not clear how quickly progress will be made. In the long run it will be the ability to advance home-grown technology that will assure stable economic growth.

Resilient to economic change

ADJUSTMENT RICHARD HANSON

JAPAN IS coming to the end of a decade during which major segments of its industry have been forced to adjust radically to circumstances much changed from the high growth of the 1960s.

The development of an internationally competitive industrial base in steel, synthetic textiles, shipbuilding, colour televisions, etc. had been largely accomplished before the knotty problems of soaring oil prices (and uncertain oil supplies), growing competition from newly industrialising countries (the now famous NICs) and the ominous rise of trade protectionism in the established (and vital) U.S. and European markets confronted the economy.

Adding further to economic worries was the sometimes dramatic appreciation of the yen since the early 1970s. That by the abandonment of the long-standing (but highly undervalued) yen 360 to the dollar rate and then allowing it to float. The upward movement of the yen was accelerated by huge trade surpluses experienced until last year as the export industries served as a major stimulus to growth after the oil crisis.

Japan's business has responded to each of these new difficulties with the kind of spirit the world has come to expect of it, with the Government and its efficient bureaucracy playing a supportive role (one which was perhaps more subtle than in the decade before, when the emphasis was on fostering these industries).

Prime examples of the results of these adjustments can be seen throughout the economy. The steel industry made strenuous efforts to improve its efficiency and cut its consumption of precious oil, and in tandem has been a leading advocate of "orderly marketing" to ensure high export prices and avoid being completely shut out of foreign markets. The electronics industry has successfully shifted large segments of its production to both the NICs and the advanced U.S. and European bases (direct exports of colour TVs to the U.S. virtually ended at the start of 1979).

Shipbuilders have scrapped all but about 35 per cent of their peak 1974 capacity, and although far from being on the verge of recovery, none of the major shipbuilders has disappeared.

Surprisingly, conditions have shown signs of improvement even in areas such as cotton spinning, which faced severe price competition from South Korea and the other NICs. The Nagoya-based Kondo Spinning, for example, succeeded in consolidating widespread smaller facilities to create a huge modernised cotton

spinning plant said to be competitive with the NICs.

The same can be said about most of the 14 industries designated under a law passed in May, 1973, as "structurally depressed" and therefore eligible for loan guarantees from a specially created Government finance unit. Under the law these industries agreed voluntarily to scrap excess capacity and rationalise industry-wide (there are 14 officially designated).

While shipbuilding, aluminium and fertiliser companies remain depressed, others such as electric furnace small steel-makers and synthetic textiles are experiencing a slightly embarrassing surge in profits. What is clear from this experience is that many of the problems of the "structurally deficient" enterprises which caused a great deal of concern during the post-1973 oil crisis recession have in fact proved to be highly cyclical in nature. The cutbacks in facilities and formation in some cases of production cartels have made them very responsive to upturns in the economy.

Only about 15 per cent of the Y100bn in loan guarantees authorised have been used so far.

Threatened

Industries which were highly dependent on exports during the mid-1970 recession (and thus responsible for the large trade surpluses and subsequent tensions with trade partners) were at one time thought to be gravely threatened competitively by the appreciation of the yen (to more than Y180 per dollar at one point last autumn).

The stronger yen, however, had the effect of stimulating broad moves to rationalise production costs further in a number of industries. Japanese cars still sell well overseas (partly because inflation elsewhere has been much higher than in Japan). Industries such as machine tools have emerged stronger and more efficient than before. The comparatively high rates of growth in domestic demand experienced since last year also has served to bolster business. The Government in its latest "vision" and economic plans has emphasised that private domestic demand growth should continue to provide the "engine" for overall growth. The adjustment of business to the major problems of the

capacity" is being completed this year by Nippon Kokan.

The Government has identified the major goals for industrial restructuring as further conservation of energy, more high-value added production and developing the advanced technological areas such as computers. Indeed, the problem of industrial adjustment has in reality become one of encouraging Japanese business (which needs very little pushing) into a new phase of industrial development.

The Ministry of International Trade and Industry (MITI) and

the Economic Planning Agency (EPA) have both issued new blueprints for the Japanese economy. The tone of the MITI "vision" of Japan in the 1980s is more sociological than industrial.

Essentially, MITI has realised the need for industry to raise productivity in a society which is now ageing at a faster rate than any of the other major industrial countries. It has also recognised that a tremendous effort must be made to improve the quality of life to levels being demanded by a prosperous people.



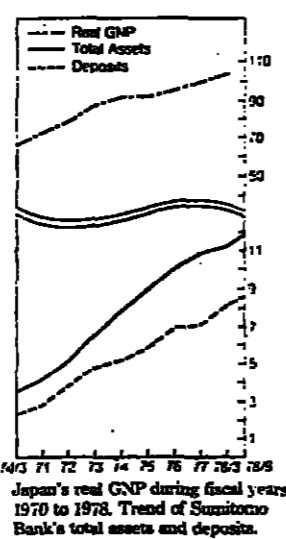
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Flair for design work

AEROSPACE

PAUL J. RUBIN

WING AVIATION PRESS, TOKYO

JAPAN'S AEROSPACE industry today is quite small compared to its European and American counterparts. At the end of World War II during which the aircraft industry had 1m workers and a technology on a par with the most advanced nations—all aviation activities were brought to a halt and not resumed until the height of the Korean conflict in 1952.

During those seven years the world's aerospace industry made great strides into many new fields. Jets were developed, the sound barrier was broken and helicopters were put into practical operation. At the time when jet transports were revolutionising air travel, the reborn Japanese aircraft industry was just beginning simple repair work on U.S. military aircraft.

The Defence Agency resumed aviation activities two years later, and the local aircraft industry began to expand first with additional repair activities and then with licensed production of jet aircraft and helicopters. Early production included aircraft such as the T-34, P-2V, F-86F and small helicopters, after which the local industry began developing aircraft on its own. Following improved versions of T-34 and Bell 47G, Japanese aircraft builders were ready to begin developing original aircraft.

The T-1 intermediate jet trainer developed by Fuji in the late 1950s was the first postwar aircraft developed entirely by Japan. Only 66 were produced, but the aircraft was designed by young engineers educated after the war and its development gave confidence and experience to the fledgling industry. Expanding into the non-military market, Mitsubishi developed the MPE-2 twin-engine turboprop business aircraft in the early 1960s, and Fuji introduced the FA-200 single engine light aircraft in 1967.

The development of a commercial air transport, however, was too large for any one Japanese company to tackle alone. As a result the domestic industry grouped together during the early 1960s to embark on its first passenger transport, the YS-11 turboprop.

The main purpose of the project was to enable the domestic aircraft industry to break away from its dependence on military demand.

During the 1960s Japan was also carrying out licensed production of more advanced aircraft such as the F-4EJ fighter and the latest helicopters, which helped the manufacturers to develop original technology in other fields.

Flying boat technology is one of the fields in which Japan has excelled. While conventional flying boats can land on relatively calm seas only, the Shin Meiwa PS-1 anti-submarine flying boat can land on rough seas with waves up to 12 ft high. This ASW patrol boat's excellent short take-off and landing (STOL) characteristics and ability to withstand high waves have also been applied to the US-1 long-range amphibious search and rescue derivative.

The T-2 advanced trainer developed by Mitsubishi in the early 1970s was the first supersonic aircraft designed in Japan. This twin-engine jet trainer was later modified into a support fighter called the F-1. Another example of original Japanese aircraft technology is the Kawasaki C-1, the first domestic jet transport, which was made to meet the local needs for a medium-sized troop and cargo carrier with excellent STOL capability.

The domestic industry is now starting licensed production of the F-15 fighter and P-3C patrol aircraft. While this work will provide both new technology and much needed business, the industry's future growth lies with the commercial rather than military market.

Despite the fact that Japan's Gross National Product (GNP) has grown to second place in the

free world, total aerospace sales in 1978 were only some ¥280bn (about \$1.2bn). This figure is a mere one-thirtieth of total U.S. aerospace sales in the same year, one-fourth of France's, one-third of Britain's, and about half West Germany's.

One of the reasons for a low volume of production is that the Japanese aircraft industry is highly dependent on military demand, which itself is subject to fluctuations in government policy. Of last year's total business 86 per cent was local military orders. In comparison, Canada's dependence on military orders was only 53 per cent, Britain's, America's and France's some 60 per cent, and West Germany's and Italy's some 70 per cent.

Low

Japan's exports of aerospace equipment are extremely low. Centring around MU-2 sales and sub-contract work from overseas, 1978 exports were only 0.4 per cent of total aerospace output. Even at the peak period of YS-11 sales, exports accounted for only 19 per cent of production. In the U.S., exports account for over 20 per cent of aerospace production, in West Germany about 30 per cent, Britain 40 per cent, France 50 per cent and Canada over 65 per cent.

Except for supersonic transport or wide-body technology, Japan's aerospace industry has the development capability for almost any product. The industry has become particularly adept at design work, and is almost on a par with the European and U.S. industries. Production technology, however, is behind that of other advanced nations, particularly in the areas of quality cost and the develop-

ment of special tooling. Nevertheless, Japanese companies have successfully bid on Boeing 747 and DC-10 sub-contracts on an international level against more experienced European and American groups, and their potential to become even more competitive in the future fully exists.

The most important goal for Japanese aerospace industry now is to increase its share of the more stable civil market. For this purpose there is strong Government support for joint international projects such as the current 787/777 airliner development programme with Boeing and Aeritalia.

The Government has supported about 50 per cent of the costs of major projects such as YS-11 and 787/777. Industry investment in aerospace R and D, however, has averaged only about 0.5 per cent of the nationwide industry total compared to 20 per cent for aerospace in other advanced nations.

Major R and D projects being conducted by the Government include the FJR fanjet engine, a fanjet STOL experimental aircraft, and a controlled configuration vehicle. Other projects under study include a flying-boat secondary air transport system, a fuel-conserving high-speed turboprop, ultra-light aircraft and revolutionary take-off and landing systems.

Emphasis is also being given to strengthening the nation's overseas marketing set-up to expand exports in the future. In addition to the popular MU-2 turboprop business aircraft of which over 800 have already been sold, the overseas export drive will centre around the Fuji/Rockwell (U.S.) 700/710, Mitsubishi's new business jet, the Kawasaki/MBB (West German) BK117 utility helicopter and the Nippi NP-100 motor glider. While a 1976 Government ruling allows export of the U.S.-1 rescue aircraft, the C-1 jet transport and various helicopters, low production levels of these aircraft make them expensive and difficult to sell.

Japan's strongest emphasis will be on additional participation in large international

development projects, particularly for civil transports. With air transport demand growing in Japan 10-15 per cent faster than the world growth rate, and the local marketing advantage of Japanese-built transports, participation in projects such as the 787/777 and planned follow-on programmes can do much to expand the local aerospace industry's civil market share and reduce the nation's huge aerospace trade deficit. Japan's largest domestic airline, All Nippon Airways, for example, has just ordered 40 Boeing 787s.

The Japanese aerospace industry has received numerous proposals to join international development projects. Rolls-Royce, for one, has offered to develop jointly a commercial version of Japan's experimental FJR fanjet engine. Most recently, both Fokker-VFW and Airbus Industrie have made proposals to develop several new transport aircraft, including a 100-150 passenger YS-11 replacement and new versions of the A-300. The Europeans have already said that they "need Japanese technology" and are inviting the Japanese aerospace industry to become a full partner in such undertakings.

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Big sales potential

ROBOTS

CHARLES SMITH

AN INDUSTRIAL robot, on the Japanese definition, is any manipulative machine which can perform movements similar to those of the human hand and arm, regardless of the technique used for operating it. The machine can be directly operated by a human worker (in which case it is known as a "manual manipulator") or by a computer program, when it becomes a "sequential robot".

The higher and more intelligent categories of robots include those which can learn after being manually guided through the job they have to perform ("teaching playback" robots), those which can act on the basis of numerically coded information (NC robots) and finally "intelligent" robots proper which can "feel", "see" or "hear" and adjust their actions accordingly. The final category includes parcel sorting machines which can respond to the human voice and are welding robots which can adjust their behaviour to the expansion or contraction of metal components on which they are working.

Development of all types of robots in Japan dates back to the mid-1960s, when the simpler types of manual manipulators came into use and research began on more advanced and intelligent robots. Robots have been installed in Japanese factories to do dirty or dangerous jobs such as welding or spray painting which the unions are usually happy to see taken over by machines. Robots are also used to perform tasks which require a precision that eludes human beings, or which humans can only acquire after long practice, or to do actions in which human workers are prone to error when they are tired.

About 35 per cent of all robots in use in Japan are working in the motor industry, with the next largest category (25 per cent) in the electrical industry. Little, if any, use of robots has been made so far in the nuclear industry or in ocean development—or for that matter in service industries—despite the fact that the experts see promising application in all of these fields. The total installed population of robots in Japan is estimated at around 40,000 sets, using the broad definition of a robots function's favoured by the Japan Industrial Robot Association, or about 4,400 sets on the narrower definition which includes only teaching playback, numerically controlled, and "intelligent" robots. The association quotes an estimated figure of 2,500 sets for the U.S. "population" of intelligent robots indicating that Japan is well ahead in the application, if not in the basic technological development of robots.

Forecast

Robot Association officials quote a three-year-old forecast for the development of their industry, prepared by Nomura Research Institute, which indicates a dramatic take-off in the production and use of robots during the first half of the 1980s. According to the Nomura forecast, annual production of robots will rise in value from

around ¥25bn (\$110m) in 1978 to ¥290bn (about \$1.2bn) by 1985 as robots come into use for service and assembly operations as well for today's currently most popular applications of welding and spray painting.

Most of the private companies involved in robot development appear to be sceptical of Nomura's estimates. The figure of ¥290bn represents the "upper limit" of where the industry is likely to be in 1985 according to one major producer of playback robots. Actual progress depends on a large number of unknowns which include the reaction of the unions to the further introduction of robot technology and the extent to which companies will be prepared to re-plan or even rebuild factories in order to accommodate them.

The price range for playback and "intelligent" robots may not in itself appear prohibitive—ranging as it does from about ¥4m to ¥30m a unit.

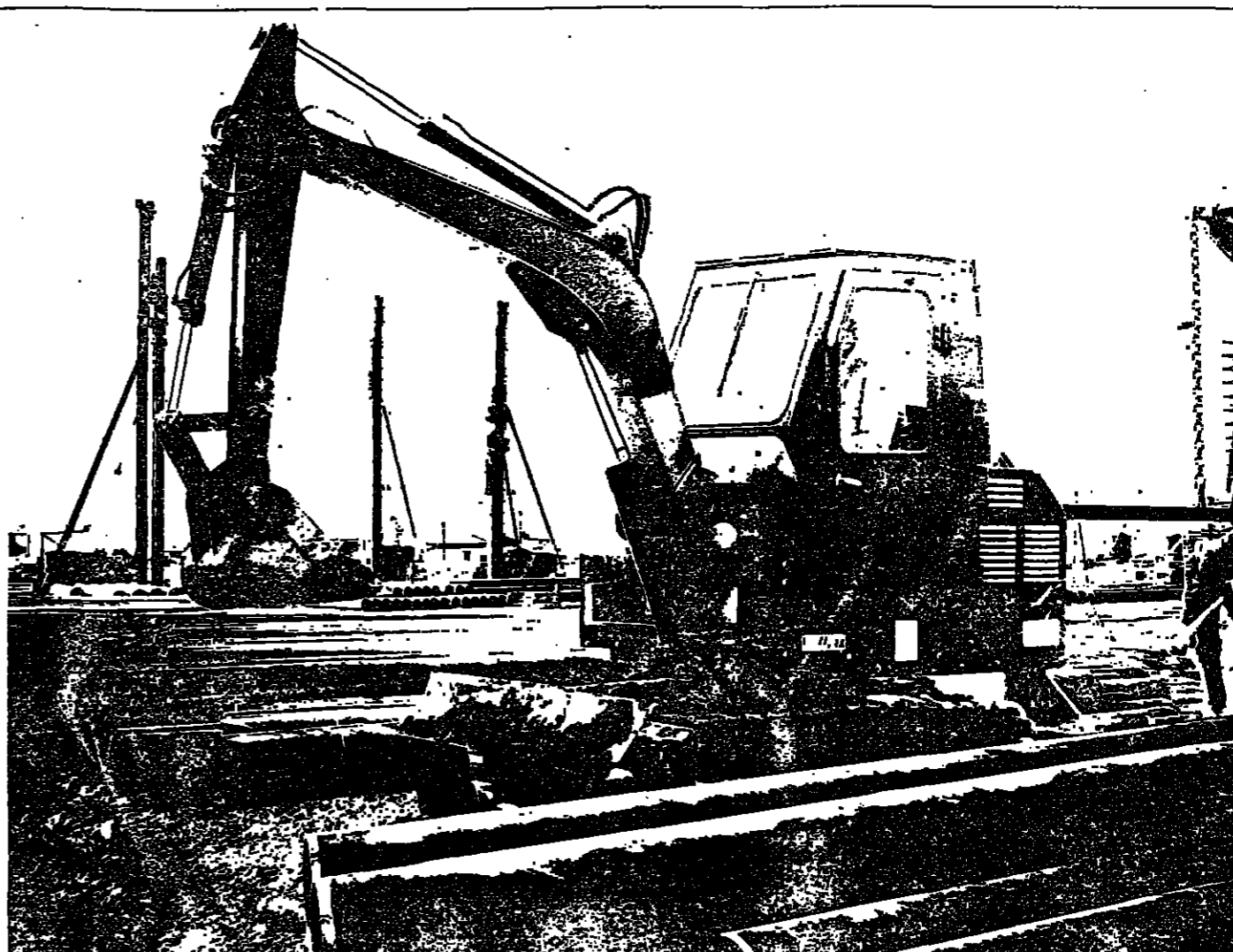
The large number of companies involved in the industry, and the diversity of types, make it exceedingly hard to gain a clear picture of where development stands but a rough sketch of the current situation might read as follows. Japan, until very recently at least, was behind the U.S. in the development of playback robots and may still be behind in assembly robots (a type of machine believed to have the largest

market potential of all), in "intelligent" arc welding and spray painting robots equipped with sensing and visual devices it is, however, probably as advanced as any other nation. Its progress with voice recognition techniques might also take some matching in the West.

Japanese companies which are especially active in robot development include Hitachi (hitherto a specialist in "intelligent" arc welding and painting robots but now moving into the teaching-playback field); Kawasaki Heavy Industries (which got into the business through the acquisition of a basic licence from Unimation of the U.S., and now has the largest number of playback orders to its credit); and Mitsubishi Heavy Industries (which has developed its own playback robot with interchangeable modular limbs).

Fujitsu-Fanuc is prominent in the new and rapidly developing NC robot field, while Toyota Automatic Loom (parent of Toyota Motor Company) and Yaskawa Electric are involved in a Government-sponsored scheme to build an automated robot-operated unmanned factory that is due to be completed by 1985.

One of the ultimate rewards of the successful application of robots, as the Japanese see it, may be the introduction of automated "small batch" production which would enable factories to turn out goods in varying quantities and types at the speed and cost with which conventional mass production lines operate today. Japan is probably many years away from turning this vision into a reality but it may reach its targets as soon as or sooner than any other industrial nation.



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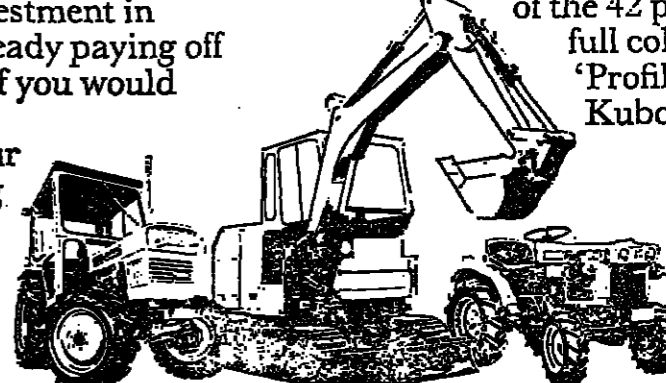
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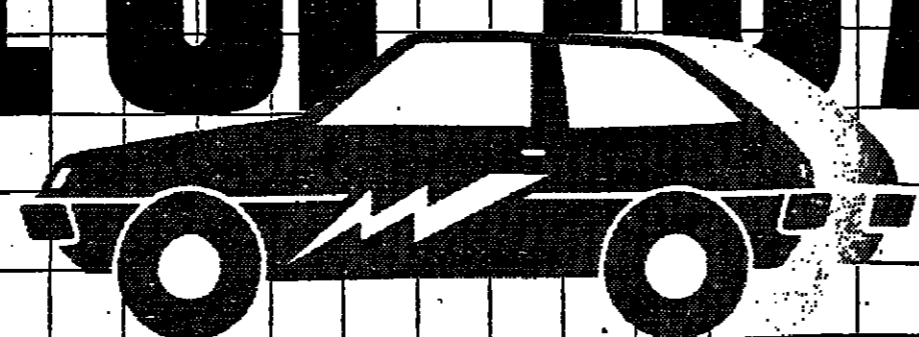
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JAPAN'S NEW INDUSTRIES IV

Keen demand on all fronts

MACHINE TOOLS

JOHN FUJII

JAPAN'S MACHINE tool industry is having a good year as a result of booming exports and growth of domestic demand for numerical control (NC) machines. The Japan Machine Tool Builders Association (JMTBA), which represents 68 members accounting for 77 per cent of total production, predicts that production in 1979 would top ¥450bn (\$3bn), while exports would soar to ¥200bn (\$1.5bn).

JMTBA figures showed production for the first six months of this year at ¥177.6bn (\$1.3bn), with exports at ¥88.7bn, up 20 per cent on the ¥73.7bn in the corresponding period last year.

Exports to the U.S., Japan's largest market, jumped 55 per cent in the first six months of this year to ¥28.5bn (\$213.5m) from the ¥18.3m of the corresponding period of 1978.

Exports to Western Europe, especially West Germany and the UK, have also zoomed. In the six-month period, shipments of machine tools, mainly NC types, to Germany rose 72 per cent to ¥5.3bn (\$40.7m) from the ¥3bn (\$23m) in the first half of last year. Shipments to the UK rose by 32 per cent.

The export gains in Western Europe have taken up the slack in shipments to neighbours South Korea, Japan's second largest market, but affected by the country's general economic instability.

JMTBA said that by areas, the January-June exports to North America (U.S. and Canada) were up 55 per cent, to Western Europe 81 per cent, and to the Communist countries 15 per cent.

The U.S. market took 32 per cent of Japanese machine tool exports, followed by Korea with 16 per cent, West Germany with 6 per cent, Taiwan 5.1 per cent, Poland 4.6 per cent, Rumania 3.9 per cent, the UK 3.4 per cent, the Soviet Union 3.3 per cent, Brazil 2.8 per cent and Australia 2.2 per cent. The rest of the world accounted for 20.5 per cent.

An executive at JMTBA gave

as the reason for the sudden spurt in exports the fact that the Japanese excel in the production of small NC equipment, especially lathes, and in smaller machining centres. Another reason for the strong demand for Japanese machine tools overseas is that the quality is good and delivery dependable. Delivery time is four to five months compared to up to two years for U.S. equipment.

The U.S. was the first country to start building NC machines, but the Japanese quickly caught up while the Europeans lagged behind. This has given the Japanese an opportunity to grow in the European and American markets. Smaller buyers in the U.S. and Europe are turning more to Japanese NC machines since workshops with 10 to 15 employees prefer Japanese equipment.

According to the JMTBA

worldwide exports of machine tools grew by 23.4 per cent in 1978 to ¥762bn, 51.8 per cent in 1977 to ¥115bn and 40.3 per cent in 1976 to ¥102bn.

An interesting feature of trade with Germany is that Japan's machine tool imports from that country balance its exports. In January-June this year exports to Germany were ¥8.3bn, exactly tallying with imports of German machines. Imports from Switzerland, another traditional source, were ¥2.3bn while exports to that country were not significant.

However, exports to the U.S. were ¥28.5bn in the six-month period while imports were only ¥2.8bn. The U.S. accounted for 38.5 per cent of imports, Switzerland 19 per cent and West Germany 15.3 per cent, 73.8 per cent altogether of total imports.

The JMTBA executive said that the comparatively large imports of machine tools from Europe should forestall any possible trade friction over Japan's growing exports. There is always the possibility of import restrictions, he pointed out, but he considered this unlikely.

With the U.S., however, the

check price system has been renewed for another year. The Japanese do not feel that the system is absolutely necessary but admit it is working to keep exports from increasing too rapidly.

The worldwide demand for NC equipment is also reflected in the home market.

The Japanese Ministry of International Trade and Industry (MITI) reports that production of metal cutting machines in 1978 reached ¥855.5bn (\$1.5bn), an all-time high. NC machines accounted for 29 per cent of total production — ¥107.8bn (\$468m), an increase of 34 per cent on the year before.

Total new orders for NC machines in 1978 were ¥108.4bn, or 35.8 per cent of total new orders for machine tools. This was an increase of 32 per cent over the preceding year. By types of machine tools ordered, NC lathes were up 30 per cent,

NC milling machines 29 per cent and milling machines 27 per cent. Orders for NC grinding machines were down and there were no significant change in orders for lathes and boring machines.

Of the 1978 orders for machine tools, 29.5 per cent came from the general machinery and equipment sector and 20.6 per cent from the motor industry, 27.8 per cent went as exports.

The Japanese began commercial production of NC machine tools in 1965. Since then a total of 29,789 NC units have been turned out. Production of NC machine tools in 1978 alone totalled 7,242 units, an increase of 35 per cent, with a value of ¥107.8bn.

The proportion of NC machine tools in total production has risen steadily to 29.5 per cent. It is expected to reach 40 per cent eventually.

Further development of CNC (computerised numerical con-

MAJOR EXPORT MARKETS

	(Ybn)			
	1975	1976	1977	1978 (1st half)
U.S.	14.0	17.0	25.5	28.2
Korea	8.2	14.5	24.1	35.6
West Germany	2.4	7.9	4.7	5.3
UK	2.3	2.3	2.7	4.5

control) units and DNC (direct numerical control) systems is taking place.

The Japanese have growing ties with Europe in the machine tool industry. Makino Milling Machine Co. has a 25.1 per cent interest in Heidenreich and Harbeck Werkzeugmaschinen GmbH of Hamburg, which is a subsidiary of Gildemeister AG. The German company makes NC milling machines under licence from the Japanese.

In financing, the Japanese are turning more and more to Europe. Makino has floated two convertible bond issues with Swiss banks, one in July 1978 for SwFr 25m and another in May this year, also for SwFr 25m. The rate in the most recent debenture was 8.75 per cent. Fujitsu Fanuc floated a DM 30m issue through German

banks in August 1978. The rate was 3.5 per cent.

The reason given for using the European market is that the rate is cheaper. Now that interest rates are going up in Europe the vogue for overseas issues may fade. But since they are going up in Japan, too, it is possible that the favourable margin in Europe may be restored.

Results of major Japanese machine tool manufacturers reflect the strength of demand. Toshiba Machine Co. reported a net profit of ¥4.6m on sales of ¥320.6m; Toyoda Machine Works ¥11.4m on ¥243.2m; Okuma Machinery Works ¥7.5m on ¥116.5m; Hitachi Seiki Co. reported profits of ¥205,000 on sales of ¥82.7m and Makino Milling Machine ¥5.9m on ¥85.2m.

A market rich with opportunities

OFFICE MACHINERY

CHARLES SMITH

OFFICE MACHINERY is a new field of activity for Japanese industry, since the Japanese office itself has only recently begun to undergo modernisation. From the end of World War II until the early seventies Japan concentrated on the modernisation and automation of its industrial production facilities with results that have become only too apparent to its competitors throughout the world. The past five years (since the 1973 oil crisis) have marked the opening of a new era—that of office automation.

Of three markets involved the largest (in domestic Japanese terms) is that for office copiers. Roughly ¥240bn worth of copiers was installed in Japan in 1978 and the market is growing by between 15 and 20 per cent a year. This represents an opportunity which no Japanese company with a stake in the relevant technologies can afford to ignore.

Three "indigenous" Japanese companies—Ricoh, Copier and Mita—made electrostatic copiers in the 1960s, when plain paper copiers were monopolised by Xerox through its patent on the basic technology. Today there are 12 indigenous companies in the industry as well as Fuji Xerox, the Japanese affiliate of Xerox Corporation. The line-up includes specialists in optics such as Ricoh, Canon, Minolta and Konishiroku, and electronics specialists such as Sharp, Matsushita and Yoshida.

Expiry

The importance of the copier industry to some of the companies concerned can be appreciated from the case of Canon, which was the first Japanese company to market a plain paper copier after the expiry of the Xerox patent and now claims a 16 per cent share of Japan's copier "population". Copiers accounted for less than a sixth of Canon's sales in 1974 when the copier boom was about to begin but for around 25 per cent in 1978 (30 per cent on a consolidated basis).

Japanese copier manufacturers, led by Ricoh, have concentrated on medium to low-speed machines, leaving the high speed section of the market to Xerox. One result of this is that Xerox still accounts for the largest share of the market when defined in terms of "copy volume" rather than machine population. Another consequence is that Japanese copier manufacturers have attained what appears to be an overwhelming competitive edge in middle and lower speed plain paper copiers in other world markets.

In 1978 Ricoh sold more ppc

copiers in the U.S. than Xerox, though its sales value was most certainly lower. Canon has been exporting over 50 per cent of its output by value for the past three years.

The leading Japanese copier manufacturers have begun to consolidate their overseas positions through local assembly (in the case of Ricoh's U.S. operations) or even through integrated local manufacture. Canon's West German joint venture now makes 1,500 units a month of medium-speed copiers using 90 per cent locally procured components. Overall, the industry's exports have increased two-and-a-half times in quantity and five times in value during the past five years, acquiring the dubious privilege in 1978, of being subjected to "monitoring" by the Ministry of International Trade and Industry.

Japanese copier manufacturers have relied on an indirect distribution system and outright sales of their machines to build the mass market that seems to have eluded the Xerox approach of hiring through a direct distribution system. Their weaknesses vis-à-vis Xerox are inability to offer a "package" of machines covering the full range of speeds and sizes plus the fact that the Japanese home market for the fastest copiers (120 copies per minute and upwards) is still very small. Some copier makers such as Canon are now moving purposefully into the upper range of machines precisely in order to be able to rival Xerox with the offer of a "package." The race to produce faster and bigger machines may, therefore, have only just begun.

Office computers (defined as machines costing ¥20m each or less) are a ¥120bn (\$533m) market in Japan with a growth rate estimated at around 15 per cent per year. Whereas with copiers the future seems to lie in the development of bigger and faster machines, the office computer makers have their eye on the bottom end of their market. Two years ago Japanese manufacturers succeeded in developing a machine simple and cheap enough to be used for accounting and stock checking by retail stores with a monthly turnover of as little as ¥10m. Still smaller machines should be out soon, setting trends which will make it increasingly hard to draw a dividing line between

the market for very small computers and that for electronic cash registers.

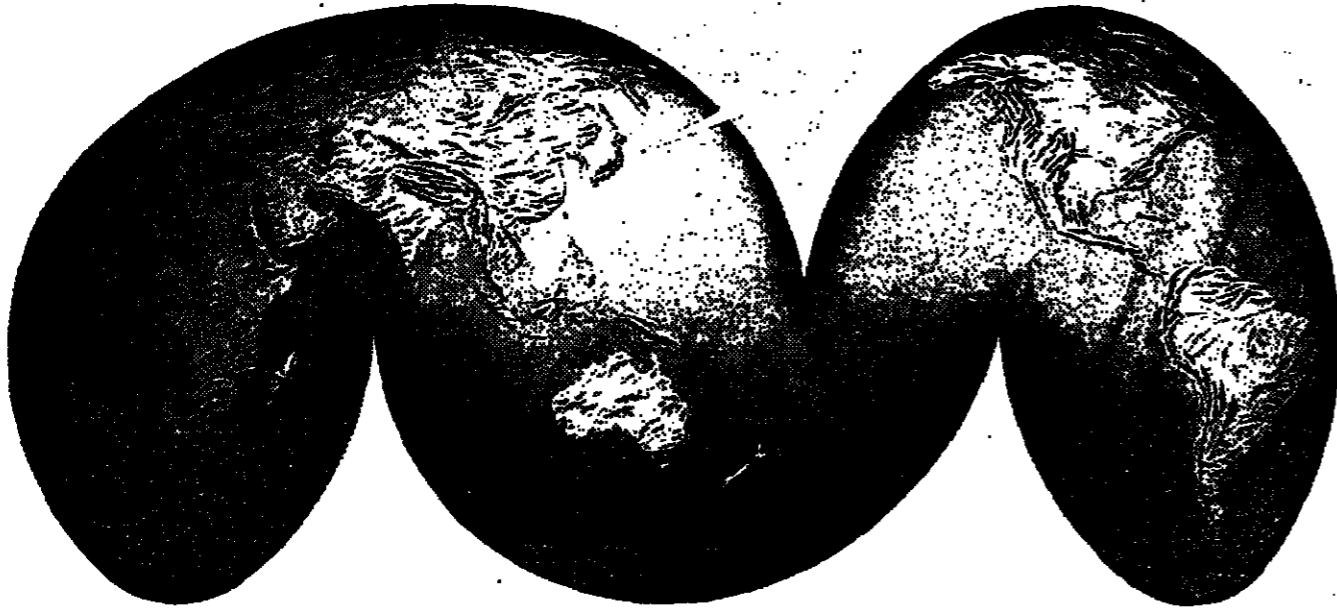
One manufacturer says it expects the market to "explode" when a ¥1m machine is produced. Meanwhile the market for "small business computers" (a subsection of the office computer category defined as including all machines priced at ¥5m

or under) is growing even faster at an estimated 25 per cent per year. Well over 50 companies, including all the top electronics manufacturers, are now active in this market, although not all are selling under their names. As seems to be common in many rapidly developing branches of the electronics industry "OEM" manufacturing and sales tie-ups, in which one company makes machines for another to sell under its brand name, are common.

Small business computers in Japan come in two basic types, unlike the computers produced in Europe and the U.S. which are of one type only. The dis-

CONTINUED ON NEXT PAGE

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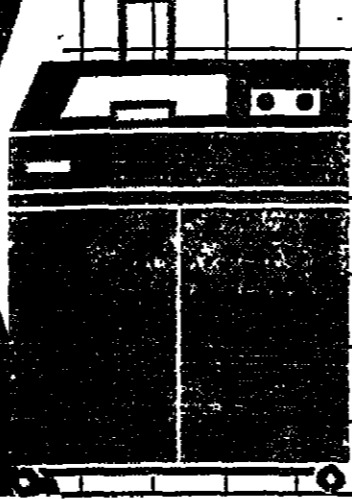
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High hopes for the future

COMPUTERS RICHARD HANSON

COMPUTERS REPRESENT perhaps the most crucial of all the new industries Japan is fostering in its bid to maintain the status of economic superpower in the next century. The two obvious reasons are the quantum leaps in the use of computers seen throughout the economy over the past 10 years, and, secondly, the vast (and so far barely tapped) potential that data processing offers as a major new source of export earnings.

It is unlikely, however, that Japan will suddenly be able to repeat with the computer industry the remarkable degree of success internationally which the world has come to expect whenever the country commits itself seriously to a task. This is not so much a reflection of any fatal flaws in the ambitious companies involved in the industry (or the lack of government resolve), but rather a simple appreciation of the enormous complexity of the industry itself. Cars and colour televisions are easier to market.

Japan is challenging a world which is still dominated by the American giant IBM, which already has a number of eager U.S. companies trying to chip

away at its market share.

The biggest of the Japanese computer makers (and the only one for which computers represent the lion's share of sales), Fujitsu, has so far been able to gain only a slight share of the world market. Increasing that share through exports is a major goal. But the Japanese for the moment lack the huge financial resources needed to build a comprehensive international marketing system. A variety of efforts are being made but large computer systems are not as readily exportable as products produced by the last generation of industries like cars, colour televisions, ships and steel.

Japan is the only major country other than the UK where IBM holds less than a 50 per cent share of the local market. Japan offers the second largest market for computers after the

U.S. The gap in the number of installed computers between the two countries is large (the U.S. has about 45 per cent of the computers in the world compared with 10 per cent in Japan), but the actual density of usage, using the Gross Domestic Product as a measure, is much greater than in America.

Production of computers in Japan (including production by foreigners like IBM) has more than doubled in the past five years. Exports have been increasing steadily, but the proportion of exports to production in 1978, for example, was a slight 1.4 per cent of the value.

The first computers in Japan were produced in the late 1950s, about 10 years after the U.S. had built its first. The Japanese Government became involved in 1955, when the Ministry of International Trade and Industry (MITI) formed a research

committee which concluded that research and development should be encouraged, foreign technology introduced and computer imports restricted. The need to protect the domestic industry and catch up technologically with the U.S. has produced a greater degree of MITI involvement in computers than in any other industry in Japan.

MITI, as ubiquitous as it may appear, has a rather erratic record in shaping the private industry into the exact image desired. MITI, in fact, dropped its original goal of creating a Japanese IBM out of the fiercely competitive companies involved in computer making, and has shifted its emphasis to aiding the development of very large scale integrated circuits and software for the next generation of advanced computers.

There are six companies in Japan which have been involved in making big computers: Fujitsu (18 per cent of the domestic market), Hitachi (14 per cent), Nippon Electric (NEC) (11 per cent), Toshiba (4.5 per cent), Oki PR (4 per cent) and Mitsubishi Electric (2.5 per cent). The Japanese companies hold about 56.5 per cent of the domestic market,

while IBM, with its 100 per cent owned Japanese subsidiary, CAP, claim about 29 per cent.

MITI initially in the 1960s gave small subsidies to each of the computer makers. From 1970 MITI decided to divide the industry into three groupings: Hitachi-Fujitsu, NEC-Toshiba and Hitachi-Oki, with the Government providing subsidies to match the cost of developing machines competitive with IBM, as well as peripheral equipment. From 1977 these subsidies amounted to \$195.9m.

According to the companies involved, the co-operative relations between companies being sought by MITI quickly proved to be more fiction than fact. Fujitsu and Hitachi, for example, both felt compelled to develop separately their own full series of IBM competitive main frame computers rather than co-operate and divide the series between themselves. It could be argued that the competition was more effective in fostering rapid advances in technology than the MITI efforts at consolidating resources.

The next step was for MITI, from 1976 on, to provide subsidies to develop VLSIs, this time reorganising the makers in

two groups (Fujitsu-Hitachi-Mitsubishi and NEC-Toshiba). The Government handouts were for four years and amounted to about \$117.6bn. Here the joint development appears to be somewhat more substantial, with the companies sharing research facilities.

Software

This year subsidies to help the makers develop software (considered to be Japan's weakest point) began and are expected to last five years for a total of \$111m. Because software development is closely related to the needs of each company's customers, the actual amount of joint development will probably be minimal.

The Government's ambition to pare down the industry has been partially achieved. For all practical purposes Oki (the smallest of the six) has dropped out of the big computer business, as has Toshiba, which has shifted its business to its partner, NEC. The cost of staying in big computers was apparently too high.

Japan, however, is still left with what is considered to be too many makers competing

mostly in a domestic market that is showing some signs of saturation.

The big computer companies are cautiously trying to expand overseas, but there have been recent setbacks.

In the U.S. and Europe Fujitsu sells large and medium-size computers through a joint venture with Andahl, as a result of which it has succeeded in developing a very high speed computer. Fujitsu does not appear to be very satisfied with recent trends in the U.S. and is studying a joint venture sales relationship with TRW to sell smaller computers and other products. Fujitsu has a tie-up to sell computers with Siemens in West Germany and links to a Canadian group. At present the sales do not use the Fujitsu brand name (FACOM) but the company hopes to sell its own name in the future.

Hitachi has an agreement with the financially troubled ITEL in the U.S., but sales, which began only last year, have ground to a halt during the latter half of this year. The ITEL arrangement extends to all North and South America, Western Europe and Australia for the sale of large computers.

NEC and Honeywell Information Systems have a marketing arrangement to sell NEC's office computers. Mitsubishi has its own marketing arm in the U.S. to sell business computers.

The Japanese have won several orders from China (some in competition with IBM) but this market is somewhat stifled by cumbersome requirements for approval of the Paris-based COCOM, which monitors sensitive sales to Communist countries. What success overseas the Japanese makers have had is in selling their hardware, which is compatible with IBM's software systems (while domestically, most sell non-IBM compatible machines). Most of their export sales have been of the smaller office computers and machines which use computer technology such as cash registers.

Opportunities

CONTINUED FROM PREVIOUS PAGE

tion in Japan is between "Japanese-style" SBCs which are equipped with 2,000 or more keys on a series of interchangeable "pages" and "Western style" computers with a typewriter keyboard. "Japanese-style" computers are designed for operation without the use of numerical codes and require no basic training or programming on the part of their users. The second category, of typewriter-keyed machines, does require the use of numerical codes.

Export prospects for the first type of "Japanese" SBC appear limited. In the other

"Western style" category of machine the stage would seem to be set for all-out competition in world markets. A sizeable share of the Japanese domestic market for typewriter-keyed machines (30-40 per cent according to one estimate) is still occupied by U.S. manufacturers who were in the field before the Japanese. On the other hand Matsushita, which entered this branch of the electronics industry only a year ago, is already exporting one-third of its output to a range of markets which includes the U.S., UK, West Germany and Australia.

The huge number of retail

stores in Japan and the complexity of the country's multi-layered wholesale distribution systems constitutes a potential market for office computers which should stand the industry in good stead as it seeks to produce a low priced "mass-produced."

Telephone facsimile equipment, the third area of the office machinery market in which production and sales are booming, is the newest and smallest but not necessarily the least promising. Telephone facsimile equipment came into use in Japan about five years ago, ten years after it was

first introduced in the U.S. In this relatively short time the facsimile "population" has risen to between 150,000 and 200,000 units, roughly half that of the U.S. and about six times as high as in Europe.

Facsimile equipment is of particular value in the context of the Japanese writing system which uses Chinese characters and thus cannot be transmitted by Telex. Partly but not only because of this, Japanese companies have been to the fore in developing high-speed fax machines suitable for international use.

Ricoh, the pioneer in the high-speed field (defined as machines which take less than one minute to process a single side of paper), began to survey the market in the late 1970s and began sales in Europe and the U.S. in 1973. Sales in Japan came later because the Japanese postal authorities took longer to grant type approval.

Challenge

Ricoh currently dominates the U.S., European and Japanese markets for high-speed fax but is likely to face a strong challenge in future from major electronics companies such as Matsushita, Toshiba and NEC. A key development in the battle for the high-speed fax market will be the approval (expected later this month) of standard specifications for high-speed equipment without which one manufacturer's machine cannot "talk" to that of another manufacturer.

Ricoh achieved the technological breakthrough required for high speed fax transmission by marrying its own optical know-how to the electronic expertise of a small American company, Dacom, which it took the trouble to acquire before starting its development programme. Matsushita, which dominates the middle and low speed fax markets in Japan also entered the industry after taking over a specialist.

Matsushita now claims a 15 per cent share of the U.S. market for low-speed fax equipment, where Xerox is dominant with an estimated 60 per cent. In Europe Rank Xerox is top in lower speed machines but is being strongly challenged by Japanese makers in the medium range (less than three minutes processing time) sector of the market.

Production of fax equipment is expected to be worth some Y55bn this year but the industry forecasts that output will exceed Y100bn in 1982. As with copiers and small computers the market would seem to be approaching the take-off point where high sales and falling prices interact to produce potentially explosive growth.



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MASSEY-FERGUSON TRACTORS

Mitsubishi Corporation has imported more than 26,000 Massey-Ferguson large HP tractors into Japan, along with other sophisticated farming machines such as combines and balers. Many of the tractors and agricultural machines were made in Massey-Ferguson's factory in Britain, because British-made farming machinery is particularly well-suited to Japan where farmland and narrow road conditions approximate those in England.

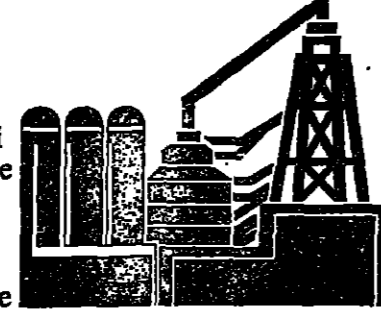
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JAPAN'S NEW INDUSTRIES VI


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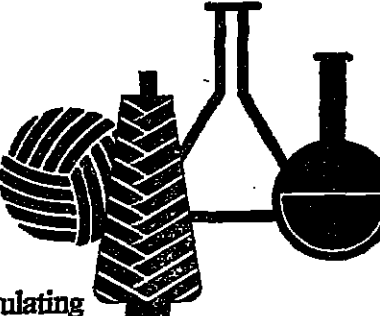
Food: Marubeni imports millions of tons of grain to Japan every year. In addition, Marubeni agro-enterprises in America, Brazil and SE Asia export their products to many countries around the world.



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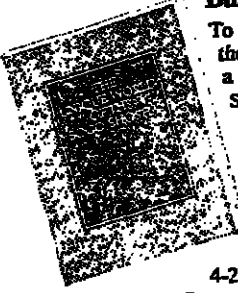


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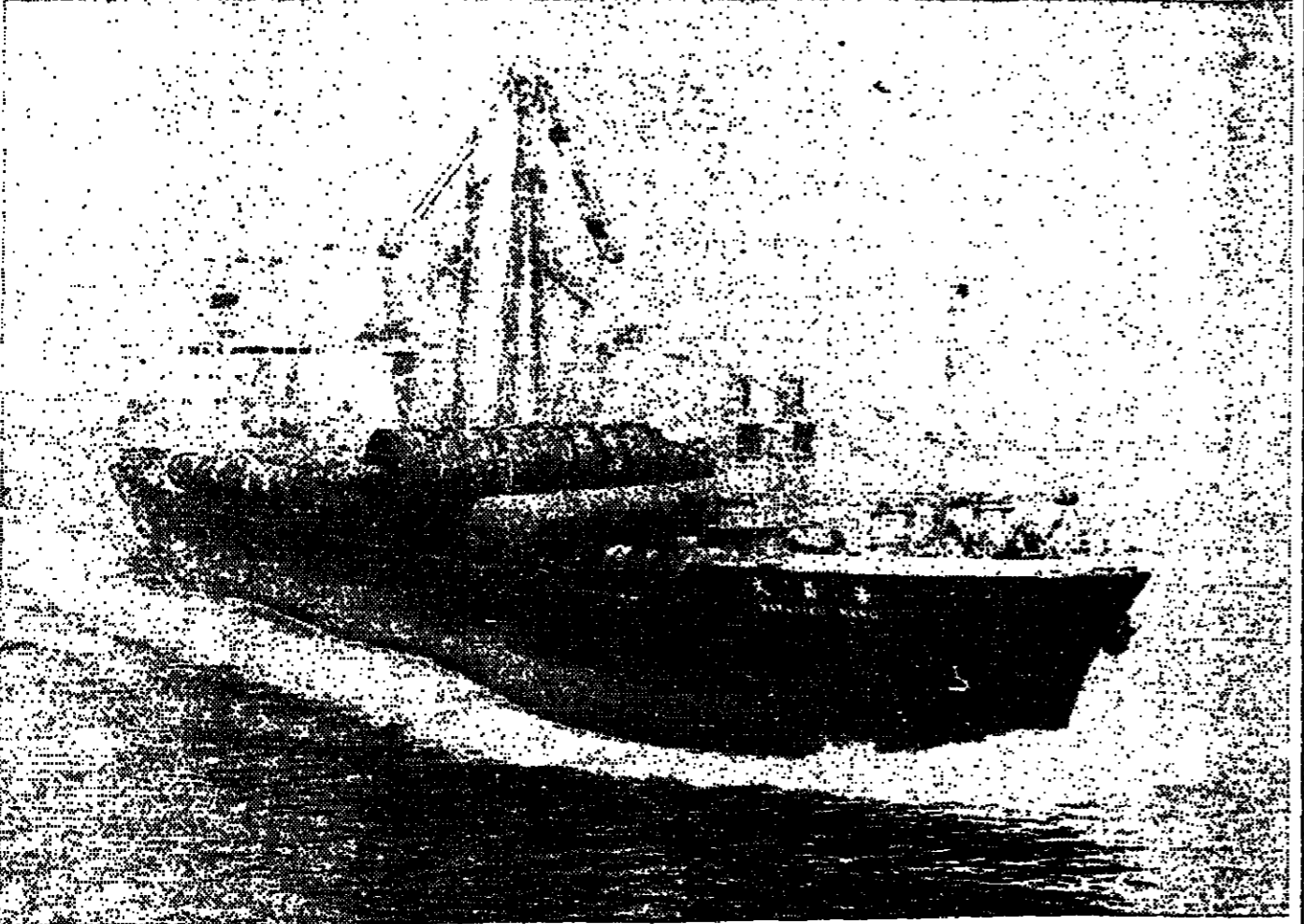
NYK's Wakagiku Maru is a super-heavy lifter equipped with a 500-ton derrick. It also has a set of 31-ton twin traveling cranes, two sets of 20-ton standard cranes and a set of 25-ton twin derrick cranes. On its maiden voyage in February 1978, it carried 20,000 tons of plant equipment from northern Japan to the Persian Gulf.

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Other NYK specialty ships include those designed to transport industrial plants, pulp, logs, mineral ores, L.P.G., and crude oil. The company is always Japan's pioneer in containerization, with six main routes now containerized.

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In-car electronics

MOTOR INDUSTRY RICHARD HANSON

THE CAR of the future will use electronic sensors to tell the driver what is happening under the bonnet, micro-processors to tell the engine what to do, integrated circuits to control the air conditioner, defrost the rear window and pre-programme your favourite radio shows, and as long as production keeps up with demand, you may be able to order one at the local Datsun dealership now.

If that sounds suspiciously like an advertising blurb, the fact is that it most likely will be a common one before very long. The Japanese motor industry is plunging full speed into the age of car electronics (and appears to have taken a strong lead over U.S. and European makers).

In the process of adapting electronic technology into their machines, the Japanese are also creating new business for electronics companies which in 10 years could amount to the equivalent (in sales) of creating a giant new Matsushita Electric Industrial Company.

Car electronics go far beyond what is presently in standard use around the world, leaving the realm of simple light switches and turn signals which now make up the bulk of electrical systems in the family car. What is involved basically is the same technology which revolutionised every industry from data processing to aerospace over the past two decades.

The use of electronics in cars dates back to the early 1960s, but until now has been mostly restricted to the most expensive models and for the most part has involved sales of optional equipment. As early as 1962, Toyota Motor, Japan's

largest motor company, applied semi-conductor electronics to overdrive transmissions. By the latter half of the decade transistor based ignition systems, electronic anti-skid devices, electronic automatic transmissions were being developed both in Japan and the U.S.

According to the Japanese makers, the need for these types of precise electronic controls are much greater in the products they manufacture than in the U.S. Engines are built to much finer specifications than the American average, which in part explain why they have been introduced more widely in Japan already. European motor companies are believed to be lagging behind both the Japanese and the Americans.

Unveiled

In July this year, Nissan Motor, the maker of Datsun cars, unveiled in one of its most expensive models what it claims to be the most electronics-intensive car in the world. The new Cedric/Gloria series has 21 separate functions controlled by their electronic concentrated engine control system and a "drive computer" which is operated by what looks like an oversized electronic pocket calculator.

Nissan pioneered the "drive computer" in its Silvia/Gazelle series of somewhat smaller cars introduced last March. Toyota

itself has successfully developed with Ford Motor Company of the U.S. an engine control device which it has been exporting to Ford since 1977. Demand from Ford has increased substantially this year. The device will be installed on less than 10 per cent of Ford's cars.

Nissan has an agreement with Hitachi, Limited (which is in its business groupings), and is working with its own electric parts supplier, Kanto Seiki, which has had license agreements with Smith Industries.

Nissan offered last spring to equip British Leyland with its electronic engine devices. The offer was made in talks which were conducted before BL and Honda Motor finally decided to jointly develop a new car. BL declined the offer, and counter proposed that Nissan undertake a re-engineering of some of its older models. Nissan turned down the proposal because of the costs which would have been involved.

It appears that the car electronics competition will hot up considerably from next year on. Among the smaller motor companies, Mitsubishi Motor is co-operating with Mitsubishi Electric. It expects to introduce a new model next year which will be equipped with an electronic fuel injection system. Honda Motor is also working on a fuel injection system.

Toyota Kogyo, the maker of Mazda cars already has a number of electronic devices in its cars, and is planning to introduce fuel control and electronic carburettors and other devices. It has been depending on Mitsubishi Electric, Hitachi, Nippon Electric (NEC) and Matsushita Electric Industrial Company.

Serving the farmers

TRACTORS CHARLES SMITH

"WE ARE where the motor manufacturers were 15 years ago, as far as exports are concerned," says the international manager of one of Japan's big three tractor manufacturers. "In the next 15 years you can expect to see more of us, but we are not going to start a war with Western manufacturers. Co-existence is our motto."

Just how long co-existence will in fact be maintained may depend on the competitive situation inside the Japanese industry itself. One medium sized manufacturer, Ishikawajima-Shibaura (a wholly-owned subsidiary of Ishikawajima Heavy Industries), this year announced a 105 hp tractor, Isel, has a range extending up to 90 hp. The fact of the matter is that Japan has too many tractor makers competing for too small a market with the inevitable result that rival producers are leapingfrogging over each other to make bigger machines.

The Japanese tractor industry, for all practical purposes, dates from 1957 when the first four-wheeled machine was built by Ishikawajima Shibaura (before that, two-wheeled tractors only were produced). Its output in 1968 amounted to a modest 16,000 units, but after that the industry grew by leaps and bounds, producing 42,000 tractors in 1970, 99,000 in 1973 and 286,000 in 1976 (the peak year to date).

The introduction of four-wheeled tractors into Japan's predominantly rice-producing domestic agriculture brought about a huge rise in productivity during the 1950s and '60s and was one (though by no means the only) cause of the

increase in rice harvests which has given Japan a series of large annual surpluses during the past decade.

Difficulties of storing and financing excess rice stocks led the Japanese Government, from 1969 onwards, to introduce a programme of acreage reductions for rice which is still under way. Rice farmers have continued to buy tractors despite the acreage cutbacks, but demand for new machines has undoubtedly been affected (particularly in years when new or unexpectedly large acreage reductions have been announced). The result has been to direct the tractor industry's attentions towards exports as the only means of maintaining growth.

Kubota, the pioneer exporter and the industry's top manufacturer, claims to have realised as long ago as 1970 that it would have to start boosting its exports — and that the way to do so was to focus on the lower end of the market which Western manufacturers were neglecting. Kubota's highly automated Tsukuba plant (opened in 1975) was specifically designed to supply the U.S. market.

Kubota's American sales success has produced a rush of other Japanese manufacturers into the U.S. market in the past two years — mostly by means of marketing tie-ups with American manufacturers. Com-

panies which are now contending for a share of the U.S. market include Yanmar (selling through John Deere), Toyosha (in association with Allis Chalmers and Massey Ferguson) and Ishikawajima-Shibaura (Ford).

Shipped

The proliferation of marketing tie-ups between Japanese and U.S. tractor manufacturers has been reflected in the growth and destination of tractor exports. In 1976 21,500 four-wheeled tractors were shipped abroad by the industry.

In 1978 exports reached 77,000 units (about 30 per cent of total production) and this year's shipments may exceed 90,000 units. More than 80 per cent of 1978 exports went to North America with Western Europe taking less than 10 per cent. Tractor manufacturers say, however, that exports to Europe could grow rapidly — perhaps faster than sales to North America — during the next couple of years.

Having achieved what amounts to a dominant position in the smaller end of the world tractor market the Japanese tractor industry would be setting out of national character if it were not now looking for new worlds to conquer.

The potentially vast market in developing countries for

medium-to-large sized tractors is one obvious area of interest, but progress in this area is expected to be slow and will depend on the availability of large amounts of export credit (and on the establishment of training facilities).

Another area in which the Japanese industry seems likely to advance rapidly is in the design and production of small tractors with more and more powerful engines. Japanese manufacturers have been building four-wheel drive tractors with as little as nine horse power for some years, in contrast with Western manufacturers whose four-wheel drive models start at much higher horse power level. They are now starting to make tractors that can develop anything up to 42 horse power with less than 1,500 cc engine capacity.

The production of high-powered, small engine capacity, tractors has a special point in Japan in that farmers driving tractors with engine capacities of less than 1,500 cc are exempt from licensing requirements that cost money and time to fulfill. It is also relevant to the overall Japanese need to achieve increases in power and performance independently of increases in size.

Another direction in which Japanese tractor makers may move in future is that of small-scale automation. Numerically controlled rice combine harvesters that can operate without drivers are already a reality, although not yet in commercial production. So also are multi-purpose machines that can perform the functions of at least four existing units (e.g. rice planting, and harvesting soil cultivation and pest control).

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JAPAN'S NEW INDUSTRIES VII

A major force emerges

Large market is growing rapidly

PARTLY as a result of its own horrifying experience as the only country to suffer nuclear attack...

NUCLEAR POWER

RICHARD HANSON

If serious disruption of nuclear industries in the U.S. and elsewhere continue, which seems likely following the accident at the American Three-mile Island nuclear power plant...

Japan now spends a much higher proportion of energy development funds on nuclear power than other major industrial countries.

the mainstay of the nuclear power system have proved painfully prone to problems under Japanese rules.

ment sagged after 1974 (which was the peak year) because of previously mentioned delays, but the recovery has been substantial since last year and is running at about \$2bn annually.

for pressure vessels. Businessmen in Japan believe, however, that the high standards being applied in production are for the moment making Japanese components more expensive than competitors in Europe and the U.S.

Crucial

The industry could benefit quickly from expanded exports. As a whole it is running at about 50-60 per cent of capacity.

Looking towards the year 2000, when Japan hopes to have its fast breeder reactor (FBR) plants commercially available, it is difficult to tell whether the costs involved in construction (about twice those for a light water reactor) will limit the marketability.

Meanwhile, the possibility of Japanese companies developing closer ties with foreign companies to build power plants is emerging.

The Japanese makers have been encouraged, however, by the success of West Germany, for example, which lacks fuel but with government help arranged a major deal with Brazil.

For all the problems of gaining approval for building nuclear plants in Japan, particularly in terms of local opposition, and the natural cautiousness that Japan has about nuclear power, Japan is proving to be a remarkably fertile place for the nuclear industry to develop.

Outbreak

This outbreak of nuclear allergy proved so serious in the 1970s that an original projection of bringing on line 60m kW by 1985 was cut back to 30m kW.

As in other countries, opposition to nuclear plants has been heightened by reports of breakdowns and the threat of radioactivity leaking into the environment.

All these companies have participated in the Government-sponsored projects to build a prototype heavy water reactor (named "Fugen"), an experimental fast-breeder reactor ("Jojo") and will build starting next year the prototype FBR, dubbed "Monju".

MEDICAL ELECTRONICS

CHARLES SMITH

JAPAN'S POPULATION is ageing more rapidly than that of any other developed nation and the propensity of its citizens to visit doctors is rising fast.

sound equipment and nuclear medicine.

The Japanese Big Three make no claim to be world leaders in the basic X-ray equipment for heart or chest examination in which European companies such as Siemens and Philips play the leading role.

puter programme to produce a three dimensional picture of the brain. EMI began selling brain scanners in Japan in 1975 through Toshiba, with which it has a long standing partnership in the music sector of its business.

Toshiba now has a dominant share of the Japanese home market for both brain and body scanners (the body version being a more versatile and costly version of the original brain scanner).

Picture

Japan claims the lead over western companies (including U.S. electronic makers such as GE) in the development of cassetteless X-ray film technology.

Japan's medical electronics industry, like that of the U.S., was caught on the hop in the early 1970s when EMI introduced its now famous "brain scanner," a machine which uses conventional X-ray photography to take several million pictures which can be fed into a computer programme to produce a three dimensional picture of the brain.

The "Big Three" Japanese manufacturers of medical electronics are Toshiba Medical Corporation (a member of the Toshiba group), Hitachi Medical GE, which accounts for an estimated 24 per cent of the body scanner section of the market.

Japan's runner-up position in body scanners contrasts with what appears to be a strong

CONTINUED ON NEXT PAGE

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Table with 3 columns: Name of medium, Circulation, Readership. Includes Nihon Keizai Shimbun (1,777,657), Nihon Keizai Shimbun (Nikkei Economic Daily) (162,980), Nihon Keizai Shimbun (Nikkei Industrial Daily) (240,163), Nihon Keizai Shimbun (Nikkei Marketing Journal, 5/9) (34,128), and The Japan Economic Journal.

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A tide of insecurity in the Gulf

By JAMES BUXTON, recently in the Gulf states and Oman

THE STRAIT OF Hormuz is one of the most dramatically beautiful places ever to be cast as a potential world trouble spot. The Masandam peninsula, a spiky, mountainous offshoot of Oman, plunges down into an azure sea in a set of crooked fingers of land interspersed with deep fjords between towering, rocky cliffs. From a helicopter you see super-tankers plod through the Strait, apparently unmanned and oblivious of the fact that they are passing through the narrowest and most important stretch of water between the Gulf and Western Europe.

Jugular vein

The Gulf states, and the calmer western analysts, are most worried about the internal position of the regimes in the states themselves and the possibility that turmoil there could cause the same agonising and disruptive uncertainties about the supply of oil to the west that Iran has triggered. But with the Russian build-up in the Indian Ocean basin now strengthened by its recent treaty of friendship with South Yemen, it is the Strait of Hormuz at the entrance to the Gulf that has become the focal point of most public western alarm.

and through whose territorial waters the shipping channels run. When there was a warning of possible terrorist activity in the Strait at the end of July, the Oman forces went onto the alert. There appeared to be no threat to the Strait. Nevertheless, Lloyds of London saw fit to declare the Gulf a region where war risk premiums could be charged.

It would be quite possible for the Soviet Union to blockade or mine the Strait of Hormuz, but it is almost inconceivable that this would happen except in time of world war or approaching world war, the outcome of which would probably be decided at superpower level.

possible, if none too easy. Though the coast of the Masandam peninsula is mainly barren and inhospitable, it has plenty of inlets. Oman has only a company of troops there, mainly to guard a disputed border with the United Arab Emirates, though there are patrols by the navy (which is building a small facility on Goat Island, adjacent to the Strait) and occasional aerial patrols by the police.

Recognising the threat of mining—or of terrorists simply claiming to have laid mines—Oman recently proposed to all the Gulf states, including Iran, Iraq and Saudi Arabia, that they should combine with western states dependent on the Strait to buy Oman some mine-sweepers. The plan seemed logical enough, but the very idea of western involvement caused Iraq, inexplicably the first country consulted, to denounce the plan in public. Iran was also cool about it and other states felt afraid to come out publicly in favour of something that had been condemned as "imperialist". Oman could console itself with the thought that it had drawn other countries' attention to the threat and that its own oil does not pass through the Strait.

aircraft would drop sonar buoys to locate any mines that might be there and that Saudi Arabia, which has recently acquired four minesweepers, might assist. But the fact that Oman's initiative ran into the prickly jealousies of the different Gulf states even though it never involved the participation of Western forces was an indication of how complex the question of Gulf security can be.

The real vulnerability of the region may lie within the Gulf states themselves. The threat they perceive is not the alarmist's one of Russian takeover, but of a change of government leading to exactly the uncertainty that the Iranian revolution causes the west, especially concerning oil supplies. Apart from Iraq, all have very small populations in relation to their size and the importance of their oil production. Of the small Gulf states—Bahrain, Kuwait, Qatar and the United Arab Emirates (which includes Abu Dhabi and Dubai)—only in Bahrain do local citizens outnumber immigrants. In all of them, including Bahrain, the "indigenous" society is composed of different layers with varying claims to authenticity.

than is sometimes thought. The immigrants tend to be surprisingly apolitical and their division into dozens of groups and sub-groups enables the security forces to encourage one faction to spy on another.

Iran revolution

The Iranian revolution has aroused tensions among the indigenous inhabitants that had for some time been dormant. All the states of the region except for Oman but including Iraq and Saudi Arabia have numbers of Shi'a Moslems, though all the governments are Sunni. Compared with Sunnis Shi'a often tend to be more diligent as workers but more emotional in their religion, and it was the Shi'a clergy in Iran, a predominantly Shi'a country, who brought down the Shah. In both Iraq and Bahrain the Shi'a are in the majority: there has been unrest in Iraq, apparently kept firmly under control by the authoritarian government. In Bahrain there were a few small demonstrations in August. The early ones were tolerated but the most recent, which had been declared illegal, was broken up with tear gas. Since then the island has been quiet, though the authorities will be extra vigilant

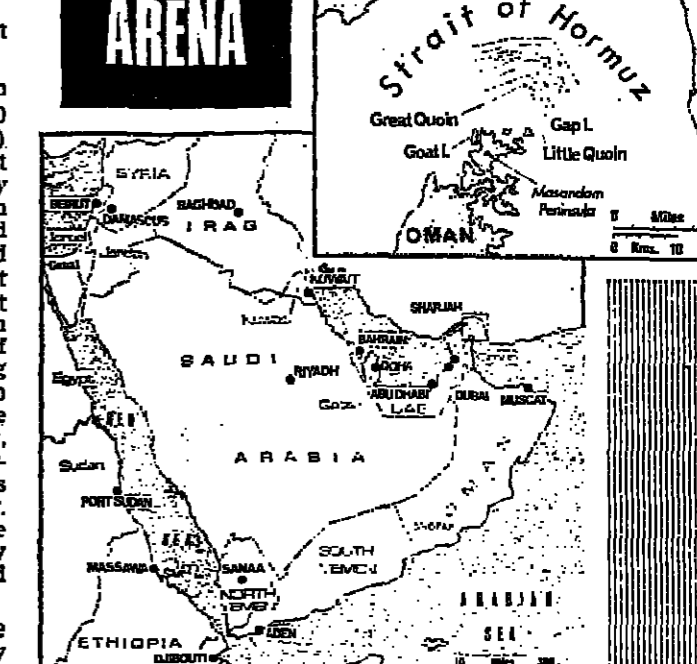
at the Shi'a feast of Ashura next month.

The disturbances in Bahrain (where Shi'a make up about 60 per cent of the population) reflected a variety of different malaises but were obviously occasioned by the revolution in Iran. The demonstrators lacked leadership and the underground Left-wing parties were reluctant to become involved. The strident calls by Ayatollah Sadegh Rohmani, an associate of Ayatollah Khomeini, reviving Iran's discarded claim to Bahrain and calling for the overthrow of the Khalifa family, were almost certainly counter-productive, fostering Bahraini Arab and anti-Iranian feeling. While the authorities made some small concessions, they confronted the opposition and won.

In Kuwait meanwhile, the authorities acted very swiftly against Mohammed al-Mahri, a Shi'a accused of "seditious" preaching and deported him and about 20 members of his family to Iran, even though they were Kuwaiti citizens. Shi'a make up about 15 to 20 per cent of the Kuwaiti population.

What was a crisis by the standards of Gulf politics swiftly died down. Warned off by bigger Arab states and facing enough domestic problems of its own, Iran's government made special efforts to calm Arab fears and the religious leaders kept quiet. But the incidents left some serious questions. The deportation of the al-Mahri family from Kuwait, though a clear demonstration of the state's firmness with dissidents, seemed to devalue the worth of Kuwaiti citizenship.

The conservative Arab Gulf states fear the eventual emergence of a strong Iran less of the status quo than was the Shah. And they are perplexed by Iraq, which with its big, volatile Shi'a population, appears to have many anxieties in com-



mon with them, yet which has a deep-seated distaste for their style of government and ambitions to draw them away from their association with Saudi Arabia. The news that Iraq is to double its navy to match that of Iran will not be welcomed in the Gulf.

Significantly, the six conservative Arab states—Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE and Oman—have increased their co-operation, and their foreign ministers met in Taif in Saudi Arabia last month. There is more exchange of information between the states on security matters, dissidents and subversives, and there seems to be a consensus that they should never again let their economies expand so dangerously fast as they did in 1975-76. They are more disposed towards co-operation in the development of industry to avoid duplication and the unnecessary bringing in of more immigrants. But Gulf integration remains at an early stage and the experience of the UAE as a federation of seven sheikhdoms now working to over-

come the competition and rivalries that have divided them has not up till now been very encouraging.

But the worst threat that the Gulf states envisage is not from internal opposition, international terrorists or the Soviet Union: it is the perceived danger of precipitate action by the U.S. to "seize the oilfields to ensure steady oil supplies by means of the Fast Deployment Force which has been so widely aired in Washington. Quite apart from the damage this might cause to the oilfields themselves, the presence of foreign troops in the Gulf states might well be enough to tip delicate internal situations into disaster.

For the moment, however, the presence "over the horizon" of somewhat strengthened U.S. naval forces in the Indian Ocean suits the Gulf states very well. Weak as their own defence forces may be, they are aware that their external security is effectively guaranteed for now by the balance of the super-

Letters to the Editor

GULF OIL AND POPULATION

Country	Oil production barrels/day Jan.-Aug. 1979	Native population (est.) total (est.)
Saudi Arabia	9.1m	75
Iraq	2.35m*	12.9m
Kuwait	2.2m	1.4m
Bahrain	50,300	355,000
Qatar	507,000	210,000
United Arab Emirates	1.8m	900,000
Oman	299,000	750,000

* Estimate.

UK-U.S. tax treaty

From the President American Chamber of Commerce (UK)

Sir,—To set the record straight on how best UK companies can curb the use of the unitary tax system in California and elsewhere, I would like to correct several erroneous impressions given by Mr. Peter Welch (November 2).

Money for museums

From the Chairman, National Art-Collections Fund.

Sir,—Mr. J. Rubens (October 29) in drawing attention to the far-sighted provisions in the American tax system—which have played so essential a part in encouraging charitable support for their public museums from the citizens of the United States—justifiably points out that the financial situation of our own museums could be transformed if similar steps were to be taken here.

Morocco today

From the Press Counsellor, Royal Moroccan Embassy

Sir,—Your article entitled "Classical dilemma for Polisario" (October 4) by Richard Trench unfortunately contained a number of inaccuracies and inferences which prompt me to set forth some necessary clarifications.

Spin off on TV

From Mr. F. Burke

Sir,—Largely due to TV sport has become a major spectator sport. The skill of the expert lies mainly in his control of the cue ball—any one can pot if he is not greatly concerned with the next shot.

Leasing hire cruisers

From the Managing Director, Harborough Marine

Sir,—The article by David Freud (November 1) on container leasing and the risks involved to the small investor was most timely. A similar high risk situation exists on the inland waterways where, solely for tax saving reasons, investors are buying hire cruisers and then leasing them to hire

Protecting the consumer

From the Assistant Director, Consumers' Association

Sir—David Churchill in "Testing the legislation balance" (November 2) wrote that the dilemma facing the Government is how far it can reduce the degree of consumer protection without losing the benefits of interventionism. We don't agree. As we see it, the dilemma is how to make the system more efficient for both consumers and traders without reducing protection. For the Government cannot get rid of any major legislation without doing untold harm to the interests of people in general.

The benefits of interventionism

From Mr. M. Harrison

Sir,—Your report "Testing the legislation balance" (November 2) concludes that the dilemma facing the Government is how to reduce the degree of consumer protection without losing the benefits of such interventionism.

Liability for products

From the Chairman, Business Law Committee, Association of Independent Businesses.

Sir,—The changing attitude of Government Ministers to consumer legislation highlighted in David Churchill's article (November 2) is to be welcomed. Many of our members are very concerned with the restrictions that will be placed on product development and new product introduction if the present EEC directive on product liability becomes law.

Today's Events

GENERAL
 UK: Mr. William Whitelaw, Home Secretary, speaks at Police Federation diamond jubilee dinner, London.
 Second day of BL pay talks, Coventry.
 Sir Alex Jarratt, Reed International chairman, addresses CBI conference, Birmingham.
 Sir William Barlow, Post Office chairman, opens international conference on progress in postal engineering, London.
 Mr. Gordon Richardson, Governor of the Bank of England, delivers Institute of Fiscal Studies annual lecture, London.
 Lord Gowrie, Employment Minister, speaks on the challenge of the chip, at Engineering 80 conference, Colchester.

Overseas: Chairman Hua Guopeng of the Chinese premier, on last day of visit to Italy.
PARLIAMENTARY BUSINESS
 House of Commons: Industry Bill, second reading.
 House of Lords: Bail Bill, second reading. Ministry of Overseas Development Dissolution Order. Debate on passport union in EEC. Short debate on future strategy of British Airways.

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AB Foods advances 17.5% Kwik-Fit surges to £39.6m at six months 51% at midyear

TAXABLE surplus of Associated British Foods rose by 17.5 per cent from £33.7m to £39.6m for the six months ended September 30 1979, following a slight increase for the previous year to £78.9m.

Mr. Garry Weston, the chairman, says that while he cannot at this stage forecast the effect of any industrial unrest that may occur this winter, nor the strength or otherwise of sterling by the end of the period, the group should continue its satisfactory growth for the full year.

The improved result from the bakery division was largely offset by lower miller profits, while within the food industry left the group's other manufacturing divisions with profits marginally ahead.

superstore operations. The improved result from the bakery division was largely offset by lower miller profits, while within the food industry left the group's other manufacturing divisions with profits marginally ahead.

Profits of Premier Milling were 23 per cent higher, compared with a depressed period last year, on a sales increase of 16 per cent. This, Mr. Weston says, continues the upward trend experienced in the second half of last year and reflects a slight improvement in the South African economy generally.

Stated half-yearly earnings per 5p share, before an extraordinary credit of £500,000 (£1.9m) for the period, are 6.86p (5.79p). The net interim dividend is raised to 1.1p (0.885p)—last year's total was 2.9p.

Pre-tax figure was struck after depreciation, £16.8m against £14.4m, and interest lower at £5.9m compared with £6.2m. The chairman says this reduction reflects the strong cash flow in the UK during the six months, which enabled the group to cover a continuing high level of capital expenditure and further reduce borrowings.

The attributable balance came out at £25.1m (£22.6m) after tax, up from £9.6m to £11.3m, minorities £3.7m (£3.4m), and the extraordinary items.

DRAYTON CONSOL.

The 4 1/2pc debenture stock 1969-80 of Drayton Consolidated Trust will be redeemed at par on January 1, 1980. The date for the final closure of the register of this stock will be December 14, 1979.

STANTIAL GROWTH is reported by Kwik-Fit (Tyres and Exhausts) Holdings for the six months ended August 31, 1979. On turnover some £1m higher at £8.87m, pre-tax profits jumped 51 per cent from £540,428 to £817,068.

Earnings per 10p share increased from 2.9p to 3.28p on increased capital and, as forecast, the net interim dividend is lifted 51 per cent to 0.603p (0.4p)—last time, the total was 0.921p on £1.6m taxable profits.

Mr. Alec Stenson, the chairman, says that during the six months, Kwik-Fit tyre and exhaust depots made satisfactory progress and increased profits by 48 per cent to £730,170 on turnover of £4.51m (£3.62m).

The group's Dutch subsidiary, Van Roy Dorsman, wholesale distributor of garage and light industrial equipment, also improved performance with profits up slightly from £101,936 to £104,635, on £3.16m (£2.68m) turnover.

Investment income advanced from £2,016 to £27,870 for the half year, while holding company expenses were up from £49,195 to £65,807. Tax took £203,041 (£151,320) and attributable surplus rose by £224,919 to £814,027. The interim dividend cost increased from £59,822 to £136,373.

continued expansion of Kwik-Fit retail depots.

Mr. Stenson adds that with the acquisition of Euro Exhaust Centre Holdings, operator of 83 depots in the UK and Europe, the group will be the major independent retailer of tyres and exhausts in Europe. He is confident this will ensure a successful and exciting future.

The expansion of Kwik-Fit is proceeding at a hectic pace and the interim figures seem to justify the profigate fashion in which it issues equity. Earnings per share are up by 13 per cent despite a 40 per cent increase in average share capital.

By the end of the year, however, the number of shares on issue will be 50 per cent above the present level, so impressive earnings growth must be maintained. For the existing group, pre-tax profits of £1.6m look attainable and Euro Exhaust should also make a useful two-month contribution.

The best news in the first half was the improvement in UK trading margins to 16 per cent. Operating on high fixed costs, the group earns impressive margins if it can boost turnover per depot and this will become increasingly apparent in bad winter weather causes business to improve further. Meanwhile, the Dutch side is producing a pedestrian return but should pick up in the second half. The forecast gross dividend is 2p for the year, producing a yield of 3.3 per cent at 59 1/2p.

electrocomponents limited

INTERIM STATEMENT

Table with 4 columns: The results for the half year to 30 September 1979 are—, Half Year to 30 Sept. 79 (unaudited) £000's, Half Year to 30 Sept. 78 (unaudited) £000's, Full Year to 31 March 79 (audited) £000's. Rows include External sales, Profit before taxation, Corporation tax, Profit after taxation, Earnings per share.

TRADING RESULTS AND PROSPECTS

Sales for the first half of the current year have increased by 22.1% over the corresponding period in the previous year. The related increase in pre-tax profit is 26.2%. Whilst the effects of inflation continue to be felt, net profit as a percentage of sales at 22.5% is in line with the figure achieved for the financial year ended 31st March 1979.

Despite lack of buoyancy in the UK market generally, sales continue to increase over the previous year. The Board anticipates that sales growth will continue, but maintains a cautious view of prospects in the short term.

DIVIDEND

At a Board Meeting held on 5th November 1979, the Directors declared an interim dividend of 3.5p per ordinary share, absorbing £700,000. This compares with £300,000 absorbed by the 1978 interim dividend of 1.5p per share on the then issued share capital.

Dividend warrants will be posted on 4th January 1980 to members on the Register at 10th December 1979.

Britain's biggest electronic components distributor

Clarksons creditors to get another 5p in the £

A SECOND dividend of 5p in the pound on admitted unsecured claims has been announced by the liquidators of Clarksons Holdings. This, when added to the first payment, declared in May 1977, makes a total distribution of 12.5p in the pound to unsecured creditors.

The total is a considerable improvement on the position estimated by the directors in their statement of affairs, which indicated that creditors were unlikely to receive more than 5p in the pound. Gross realisations to date exceed £3.1m, compared with the original estimate of some £1.4m.

All preferential creditors — mainly former employees who have claimed have been paid in full and to date unsecured claims amounting to nearly £18m have been agreed.

There are some substantial unsecured claims still under consideration but it is estimated that, when all claims are finally agreed, the total will be less than the original estimate of about £28m.

No further significant realisations are expected, the principal factor delaying the completion of the liquidation being pending litigation with some substantial creditors. As a result, the liquidators say it is not possible, at this stage to indicate, either, when the liquidation will be complete or, the level of a final dividend.

The liquidation is being carried out by Mr. Guy Parsons and Mr. Christopher Sneath, of Peat Marwick Mitchell and Co.



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CABLES—CONSTRUCTION—ENGINEERING—METALS

INGALL INDUSTRIES LIMITED. A year of progress. Table with 2 columns: 1979 £'000, 1978 £'000. Rows include Group turnover, Profit before tax, Earnings, Earnings per 10p share, Dividends per 10p share.

BASE LENDING RATES table listing various banks and their interest rates (e.g., A.B.N. Bank 14%, Allied Irish Bk 14%, Amro Bank 14%, etc.).

Chesterfield Props. grows at halftime

FOR THE first half of 1979, gross income of Chesterfield Properties rose slightly from £1.51m to £1.58m, but after lower interest of £0.29m against £0.47m, pre-tax profits increased by £0.21m to £1.3m.

Mack expands to £0.21m and strongly placed

Profits before tax of M. and W. Mack rose 27 per cent to a record £214,608 in the year to April 28, 1979, compared with £168,818 last year. Turnover was 10 per cent higher at £24.24m, against £22.1m.

Ingall Inds. sees advance

The directors of Ingall Industries view the future with confidence and are looking for a further advance in results for the current year, says Mr. H. M. Riley, the chairman, in his annual statement.

BIDS AND DEALS

Dundonian talks on major deal

Dundonian, whose activities run from finance and funeral services to fuel saving and mining, is negotiating to buy a small housebuilding company in south-east England from Johnson and Firth Brown.

Averys says GEC trying to buy cheaply

Averys, the weighing machine company, has taken a further swipe at the terms of General Electric's £200m bid, which it describes as totally inadequate.

HUME REGARDS RIT OFFER ATTRACTIVE

Hume Holdings has told its shareholders that the offer from Rethelch Investment Trust, which now holds over 50 per cent of the "A" shares and of the

B. Sunley shares re-open at 600p

Shares in Bernard Sunley Investment Trust resumed trading yesterday at 600p having been suspended last Wednesday at 615p.

Holdings that a scheme of arrangement is to be put to holders of the 480,000 £ per cent cumulative preference £1 shares in Edgar Allen Balfour.

TKM buys more of Wadham

Tozer Kemsley and Millbourn has bought a further 675,000 shares in Wadham Stringer, the shares distributor for which it has bid nearly £20m, and now controls around 40 per cent of the equity.

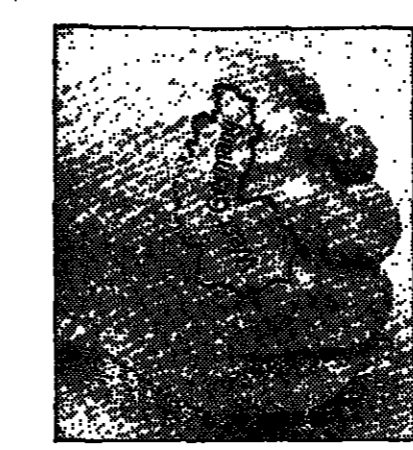
C. & W. WALKER/A. McMILLAN

C. and W. Walker Holdings, heavy metal fabrication engineer, states that contracts have been exchanged for the purchase of Archibald McMillan and Company, for £130,000.

EAB/AURORA

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LANDES BANK RHEINLAND-PFALZ

Table with columns: Series, Vol., Jan., Last, April, Last, July, Last, Stock. Lists various stock series and their performance metrics.

COMPANY NOTICES

Banque Nationale De Paris in Hamburg. Banque Nationale de Paris announces the opening of an Agency in Hamburg, one of the three large German commercial and banking centres with Frankfurt and Dusseldorf.

LEGAL NOTICES

IN THE MATTER OF BERNEYS MAN'S SHOPS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 7th day of December, 1979, to send in their full names and addresses, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned.

PUBLIC NOTICES

CLWVD COUNTY COUNCIL. £1m Bills issued today £2.80 at 15.51-dating. Total applications £6m. Total outstanding £2m.

ART GALLERIES

AGNEW GALLERY, 45 Old Broad St. W.1. NEW ENGLISH ART CLUB 1922 Exhibition. NEW ENGLISH ART CLUB 1922 Exhibition. Original Prints by 20th Century Masters and Young Artists. Also 80c. Loose Prints. Mon-Fri. 10.30-5.30. Thurs. 10-7.

CLASSIFIED ADVERTISEMENT RATES

Table with columns: Single per column, per line, per column. Lists rates for Commercial and Industrial Property, Residential Property, Appointments, Business & Investment Opportunities, Corporation Loans, Production Capacity, Business for Sale/Wanted, Education, Personal, Gardening, Motor Cars, Hotels and Travel, Contracts & Tenders, Book Publishers.

Co-operative Bank Limited advertisement. Includes logo, company name, and details about Floating Rate Capital Notes 1986. Text: 'The following have agreed to subscribe or procure subscribers for the Notes: London & Continental Bankers Limited, S. G. Warburg & Co. Ltd., Caisse Nationale de Crédit Agricole DG BANK, Deutsche Genossenschaftsbank, European Banking Company Limited, First Chicago Limited'.

BTR/BLYTHE GREENE

As a result of the scheme to introduce BTR as a major shareholder in Blyth Green Jourdain and Co. the merchant banker and investment holding company, and to increase the holding of John Swire and Son, Swire now owns 31.89 per cent of the BGT equity and BTR will own 25.94 per cent.

ICFC BACKS COMPUTER SUPPLIER

Industrial and Commercial Finance Corporation has subscribed £50,000 for redeemable preference shares to JMF (Computer Supplies) of Harrow. Founded five years ago, the company's marketing policy is to provide the computer user with every conceivable related product and service. JMF are sole distributors of Athena magnetic media and TBS computer printer ribbons within the UK.

INTERNATIONAL COMMODITY SHARE FUND COMPANY. LONDON. 25, avenue de la Forêt-Neuve, R.C. Luxembourg 9 7242. Notice to EDR holders regarding the company's annual report and dividend.

MAKITA ELECTRIC WORKS, LTD. (CDR). The Board of Directors of Makita Electric Works, Ltd. has announced that shareholders who were registered in the United Kingdom on August 20th, 1979 will be entitled to receive a 10% share distribution of new shares.

SVRIGES INVESTMENTS BANK A.B. (Swedish Investment Bank Limited). Copies of the above mentioned Company's Annual Report 1979 are now available from: S. G. WARBURG & CO. LTD., 25, Abchurch Lane, London, EC4P 3AL.

DAIWA SEIKO, INC. NOTICE TO EDR HOLDERS. Further to our Notice on the 13th October, 1979, this notice informs EDR holders that the General Meeting of Shareholders held on Tuesday, 30th October, 1979, has approved a final dividend of Yen 3.75 per share corresponding to a dividend of 100.00 Yen.

OMELL GALLERIES, 40, Abchurch Lane, London EC4P 3AL. RICHARD GREEN GALLERY, 4, New Bond Street, W.1. Exhibition of English Paintings 1750-1850. Daily 10.00-6.00. Sat. 10.00-12.00.

SANDFORD GALLERY, COVENT GARDEN, LONDON. NEW 23 YOU LIKE IT? 11.2.80. Mon-Sat. 11-6. THE JUG IN ART. Paintings of Bill Lyle, including Sculptures for Interiors.

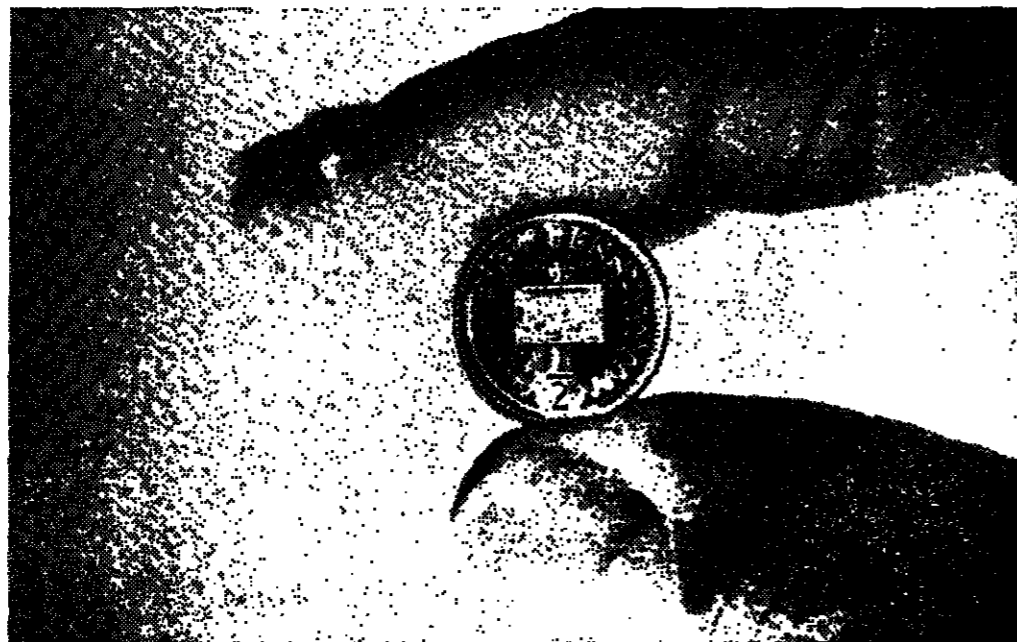
PHILIPS-A WHOLE NEW WORLD OF KNOWLEDGE.

Today, Philips are going to spend over one million pounds with you in mind. We're using this money on research and development to build a whole new world of knowledge that benefits everybody. Because Philips, new ideas don't gather dust. They gather momentum. And are turned into worthwhile new products we can all use. New ideas for our homes, our hospitals, our schools and our places of work. In fact, our complete environment. The reason we spend over one million pounds every day to widen our knowledge and produce even better products for you. Here are some of the ways in which that £450 million a year is spent on research and development helping to keep Philips simply years ahead.



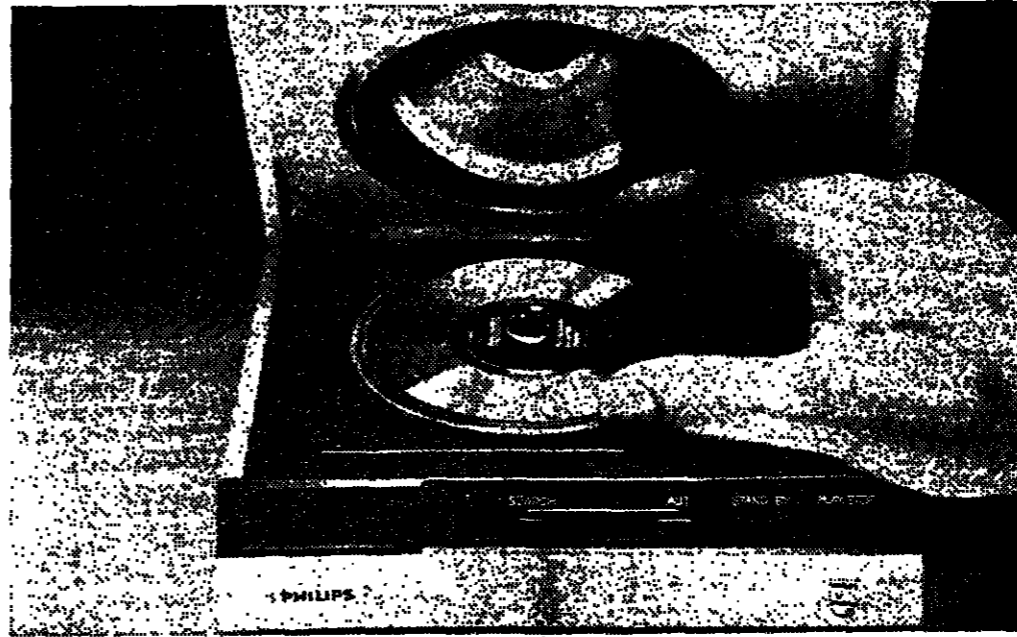
The super-sensitive 'Night Eye' that lets you see in the dark.

We're helping people to see in the dark with an amazing new type of Image Intensifier. The system gives a high definition picture without the need for additional directed light beams. Already this new development from a Philips Group company - Mullard - is playing a major part in the campaign against crime.



The world's most advanced Teletext chip.

A silicon chip that can process millions of pieces of information a second! This remarkable development from Mullard, a member of the Philips Group, is part of the new world of electronics - helping to build another great industry for Britain.



Hi-Fi that has a friction-free laser instead of a stylus.

For the future, we have an ultra high-fidelity stereo system that uses a laser beam to play records. The special mini-discs it uses will play for an hour. And by avoiding stylus-to-disc contact surface noise and wear are totally eliminated.



We're even helping in the fight against cancer.

Philips Linear Accelerators for cancer therapy are installed in specialised Treatment Centres the world over. They have already helped to save many lives. And the research goes on.



PHILIPS

Simply years ahead



Philips Industries, Arundel Great Court, 8 Arundel Street, London WC2R 3DT.

Domestic Appliances - Philishave Shavers - Radio - TV - Hi-Fi - Communications Components - Pharmaceuticals - Scientific Instruments - Industrial Equipment - Broadcasting - Lighting - Entertainment - Business and Educational Systems - Medical Equipment

هكتا من التحول

Carte West
ST FRANCIS CHURCH
WEST GERMAN BANK
Financial Times Tuesday, November 6 1979
Santa Fe m
make offer
C. F. Braun
FT INTE

Companies and Markets

Carter bond terms cheer West German bankers

BY FRANCIS GHILES

WEST GERMAN banks warmly greeted the terms on which the DM 2bn worth of "Carter bonds" will be offered to German subscribers. The shorter dated notes will carry a coupon of 8.55 per cent and the 3 1/2-year notes one of 8 1/2 per cent.

director of the EIB, said yesterday that this placing would go ahead as planned. He stressed that he had cleared details of the issue with the finance ministry in Bonn.

not be arranged in the traditional way. All major banks objected to the cut in commission which has been virtually halved to 1 1/2 per cent.

Santa Fe may make offer for C. F. Braun

ORANGE—Santa Fe International Corporation has confirmed that it is the company seeking to acquire C. F. Braun, the engineering services group.

Deere forecasts higher earnings despite strike

MOLINE—Deere, the farming machinery group, expects to report "significantly" higher earnings for the fiscal year just ended, despite adverse effects of a strike that closed down production for three weeks during the final month of the year.

U.S. OIL COMPANY PROFITS

Putting the case for the defence

BY DAVID LASCELLES IN NEW YORK

FOR THE U.S. oil industry, the third quarter was great for profits, but a near disaster in every other sense.

Oil companies were also at pains to draw attention to their vast capital spending budgets, amounting in many cases to billions of dollars, all to boost U.S. fuel production.

in the U.S., and that accusations of profiteering in the U.S. were therefore wrong. The oil companies did not however, address themselves to the question of how people might react in the countries where they had made huge profits.

The timing could hardly have been worse. Those gains of 100 per cent and more reported by oil majors like Exxon, Mobil, Texaco and Chevron, came just as the Senate was considering President Carter's proposed windfall profits tax on oil company earnings.

Swearingen, chairman of Standard Oil, who said that nearly 85 per cent of his company's earnings increase in the first nine months was due to strong performance by its overseas petroleum and chemical operations.

It is obvious, however, that members of the Aramco group—Exxon, Mobil, Texaco and Standard Oil, California—who obtain their crude for about \$18.50 a barrel, have been able to trade it internally or sell it at vastly higher prices.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns for U.S. DOLLAR, DEUTSCHE MARK, SWISS FRANC, and YEN STRAIGHTS, listing various international bonds with their terms and yields.

Getty to pay \$10m to Denison Mines

LOS ANGELES—Getty Oil Company has disclosed that, as part of its agreement to acquire Reserve Oil and Gas Company, it will pay \$10m to Reserve's former suitor, Denison Mines.

Greyhound set for record result

PHOENIX—Greyhound Corporation expects a record third quarter and nine month profits for the longer period surpassing the total 1978 net income, according to Mr. Gerald Trautman, the chairman and chief executive.

Electronic Data opens year on strong note

By Our Financial Staff ELECTRONIC DATA SYSTEMS has opened the year on a strong note, boosting first quarter earnings from \$5.49m or 43 cents a share to \$6.73m or 50 cents a share.

Kaneb offshoot sees North Sea prospects

By Our Financial Staff MR JIM WHATLEY, chief executive officer of Kaneb Services, the energy and geophysical group, disclosed in London yesterday that turnover at Intercomp, the oil industry engineering subsidiary, is expected to double within the next five years from the present \$26m worldwide.

Newfoundland refinery warning

TORONTO—The bankrupt oil refinery at Come by Chance, Newfoundland, may be sold as scrap unless there were indications by the end of the year that it would be purchased.

Industriekreditbank AG Deutsche Industriebank

Advertisement for Industriekreditbank AG Deutsche Industriebank, including contact information and a signature.

Flintkote cool on Genstar bid

STAMFORD—Flintkote's Board met for a second time to consider Genstar's proposal to acquire the company through a \$55-a-share tender offer—worth almost \$400m—but did not reach a decision.

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

WEST GERMAN AEROSPACE INDUSTRY

Schmidt tries to speed up merger

BY ROGER BOYES IN BONN

THE BONN Government is putting increasing pressure on the German aerospace concerns...

Government, would create an important aerospace concern with a projected annual turnover of DM 5bn...

of MBB, and Bremen has a significant stake in VFW through the holding company...

the divorce from Fokker. German officials are now the less confident that a unified aerospace industry is the best way of coping with U.S. and European competition...

Increased turnover at Kymi Kymmene

By Lance Keyworth in Helsinki

KYMI KYMMENE, one of the largest industrial companies in Finland, reports that its results for the first eight months of 1979 have improved enough to cover debt interest payments and depreciation...

THIS NOTICE OF MEETING SUPERSEDES THAT SET OUT ON PAGE 3 OF THE COMPANY'S REPORT AND ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1979.

Consolidated Plantations Limited Notice of Meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at The Regent of Kuala Lumpur Hotel, Jalan Imbi, Kuala Lumpur, Malaysia on Wednesday, 28th November, 1979 at 12.30 p.m.

- To receive and adopt the Directors' Report and Accounts for the year ended 30th June, 1979. (Resolution 1) To declare a Dividend. (Resolution 2) To determine, pursuant to Article 83 of the Articles of Association, the Directors' remuneration at the following rates with effect from 1st July, 1978: (Resolution 3)

- To re-appoint Messrs. Price Waterhouse & Co. as Auditors and to authorise the Directors to fix the remuneration of the Auditors in accordance with Section 14 of the Companies Act 1978. (Resolution 8) To propose, pursuant to Section 185(5) of the Companies Act 1948, the following resolution as an Ordinary Resolution: (Resolution 7)

By Order of the Board, WONG TET ONN Secretary. Kuala Lumpur, Malaysia. 5th November, 1979.

Swedish Match buys Brazilian company

By John Walker in Stockholm

THE SWEDISH MATCH company has acquired a majority shareholding in Cia Electroquimica Paulista (EQP), a Brazilian company. EQP has a turnover of Skr 30m (\$7m) a year and a production capacity of about 14,000 tons of chlorate.

Mannesmann calls off U.S. deal

BY IAN HARGREAVES IN NEW YORK

THE WEST German steel and engineering group, Mannesmann, has called off an agreed \$245m bid for Harnischfeger, the Milwaukee-based heavy equipment manufacturer.

shortly after the Harnischfeger board and the FTC had declared their opposition to a \$20 a share bid by Paccor.

Interest in West Germany through its 51 per cent stake in a construction equipment operation in Dortmund, which has been performing badly. A few days ago Harnischfeger announced that it would record an overall net loss for the financial year just ended because of problems in West Germany.

Advertisement for Standard Life featuring a large number '6' and text: 'At 8.29am on 29th October Standard Life weren't in the Investment Linked Insurance business. Now we're one of its biggest names.'

Standard Life are a brand new name in the investment linked insurance market. And as the largest mutual assurance company in the European Community, with policies and services for group schemes covering around a million people, we're instantly one of the biggest concerns in the market.

Gains at Krupp Huettenwerke

BY OUR FRANKFURT CORRESPONDENT

THE West German steelmaker, Fried. Krupp Huettenwerke, has felt the benefit of a major improvement in demand during the first nine months of the year.

of 456,000 tonnes a month. Sales rose even more strongly during the period under review. They went up by 10.4 per cent from DM 3,366m to DM 3,716m (\$2,076m).

duced a substantial drain on profits. Price improvements for rolled steel products were insufficient to offset fully the increased costs of the raw materials.

French retail chain sees full-year profit

BY DAVID WHITE IN PARIS

ONE OF France's leading department store groups, Nouvelles Galeries Reunies, moved into loss in the first half of this year, but M. Jean-Louis Delpech, the chairman, said the group's three shopping chains would probably all show profits for the year as a whole.

to FFr 2.1m from FFr 9.1m. The only improvement was at the Uniprix low-price store group, where net profits rose to FFr 2m from FFr 1.3m.

security measures installed after bomb attacks last year. The chain's overall sales rose by only 5.4 per cent in the first eight months, despite an 11.4 per cent rise in other BHV stores.

Robeco group property fund on target

BY CHARLES BATCHELOR IN AMSTERDAM

RODACCO is progressing in line with prospectus forecasts, the Dutch property investment fund reports in its first interim statement.

property portfolio since the launch to 49 from 38 per cent, at the same time reducing its U.S. holding to 40 from 45 per cent.

aimed at acquiring the Roemo office cleaning company of Amsterdam. KBB described Roemo as a medium-sized company employing 120 full-time staff and 300 part-timers.

MNB sells hotel shares

By Georgie Lee in Singapore

MOSCOW NORODNY BANK (MNB) has accepted an offer by a local broker firm to purchase its holding of 15.53m shares in Consolidated Hotels at \$1.925 a share, or a total of \$29.9m (U.S.\$13.7m).

SAUDI-OGER LIMITED: New syndicated guarantee facility

A new syndicated guarantee facility for Saudi Riyals 295 million in favour of SAUDI-OGER LTD. (owned 99 per cent by M. Rafik B. AL HARIRI) and in connection with the Eye Specialist Hospital in Riyadh and the Taif Housing Project, was signed in Bahrain on the 29th October, 1979.

Vertical text on the right edge of the page, including 'Strong despite', 'Unitika', 'Industrial demand boost', 'Kao Soap', 'Vopon Shiman ahe', 'Consolidated', 'NOTICE IS', 'THAT', 'Shares of the', 'DATED 5th November', 'Registered Office', 'London EC2A', 'A member of the', 'to be valued for', 'in the case of', 'the position', 'and in both cases not', 'meeting which it is'

Strong advance by Sharp despite fall in export ratio

BY OUR FINANCIAL STAFF

SHARP CORPORATION, the Japanese manufacturer of electronic appliances and business machines, raised its after-tax profits steeply in the first half of the financial year, in spite of a further decline in its traditionally high export ratio, to below 50 per cent.

Net profits of ¥8.25bn (\$26.6m) showed a gain of 56.3 per cent from the ¥4bn of the first half of 1978-79. Sales for the six months to September increased by 15.1 per cent to ¥195.67bn (\$633m), from ¥170.07bn. The interim dividend was unchanged at ¥3.75 a share.

after-tax profit for the full year, to March 31, to rise by 43 per cent to ¥12.4bn, from the 1978-1979 level of ¥8.65bn, on sales up 16 per cent to ¥294bn from ¥259.63bn. It is hoped to maintain the year's dividend at ¥7.50.

Unitika maintains its recovery

BY RICHARD C. HANSON IN TOKYO

JAPAN'S synthetic textile industry is showing healthy signs of regaining its balance after cutbacks in capacity and personnel over the past three years which enhanced its ability to raise prices to cover sharp increases in raw material costs.

Net profit was still low at ¥71m compared with ¥48m a year ago, but the company is encouraged by recent trends. It has been able to cover increases in prices of raw materials (primarily oil, cotton and wool) of about 80 per cent with increases in its prices, of up to 40 per cent on some products.

companies are taken into account. The company has also regained some of its international competitive strength as a result of the year's decline since the end of last year. Exports in the latest half year were down from a year ago at 8.4 per cent of sales, but the Japanese industry is probably better equipped now to cope with further increases in oil prices than its main competitors in South East Asia.

SA liquor groups plan to restructure

By Jim Jones in Johannesburg

TRADING in Rembrandt and South African Breweries (SAB) shares was suspended on the Johannesburg Stock Exchange yesterday. The move is widely thought to herald an end to South Africa's beer war. Statements on the restructuring of each group's liquor interests are expected early next week.

The two arch rivals in the South African liquor industry are maintaining a close veil over their plans. But many Johannesburg analysts feel that the odds favour the relinquishing by Rembrandt of its Intercontinental Breweries' beer interests in exchange for all or part of SAB's wine and liquor business. South African beer drinkers are highly conservative, which means that despite a heavy advertising and marketing campaign over the past few years the Rembrandt group has been able to gain little more than 8 per cent of the national beer market share.

Industrial demand boosts Kao Soap

TOKYO—Kao Soap Company, Japan's top manufacturer of synthetic detergent, raised its net profit by 15.4 per cent in the half-year ended September 30 to ¥1.88bn (\$7.9m), from ¥1.63bn in the same period of the previous year.

First-half rise at Romatex

BY OUR JOHANNESBURG CORRESPONDENT

ROMATEX, the South African textile combine has reported record first-half earnings for the six months to September 30. Pre-tax income advanced by 42.9 per cent to R17.53m (\$2.1m) from R12.27m in the same period of 1978-79. This compares with total pre-tax income of R21.97m for the year to March.

are expected to be higher than in the previous corresponding period, it is thought that they will be lower than first-half figures, following the normal pattern. An interim dividend of 11 cents has been declared, against 8 cents a year earlier, on first-half earnings per share of 41.3 cents, against 29.5 cents. Last year, from total earnings of 54.9 cents, two dividends amounting to 24 cents were paid.

Growth at Plascon-Evans

BY OUR JOHANNESBURG CORRESPONDENT

Nippon Shinpan ahead

AP-DJ

PLASCON-EVANS, the 73 per cent-owned subsidiary of Barlow Rand has consolidated its position as South Africa's largest paint manufacturer. Largely on the strength of improved domestic demand, but also helped by the consolidation of earlier acquisitions, the company recorded sales of R132.7m for the year to September 30, 1979 against R100.5m. Compared with this 32.1 per cent turnover improvement, consolidated pre-tax profit advanced by 49.8 per cent to R17.0m against R11.3m.

Supreme to make two acquisitions

By Wong Sulong in Kuala Lumpur

SUPREME CORPORATION, the Malaysian property and plantation group, has announced plans to make two acquisitions worth ringgit 18.16m (US\$ 7.4m). It is also raising ringgit 10.18m through a one-for-two rights issue at ringgit 1.55 per ringgit 1 nominal share.

OCBC fails in bid to lift BMT stake

By George Lee in Singapore

THE Overseas Chinese Banking Corporation (OCBC) has failed in its attempt to take over British and Malayan Trustees (BMT), a trustee services company. OCBC and its subsidiaries which collectively own 43 per cent of BMT's issued capital had offered S\$4.50 per share to holders of the remaining BMT shares.

Catch the Miami sun daily

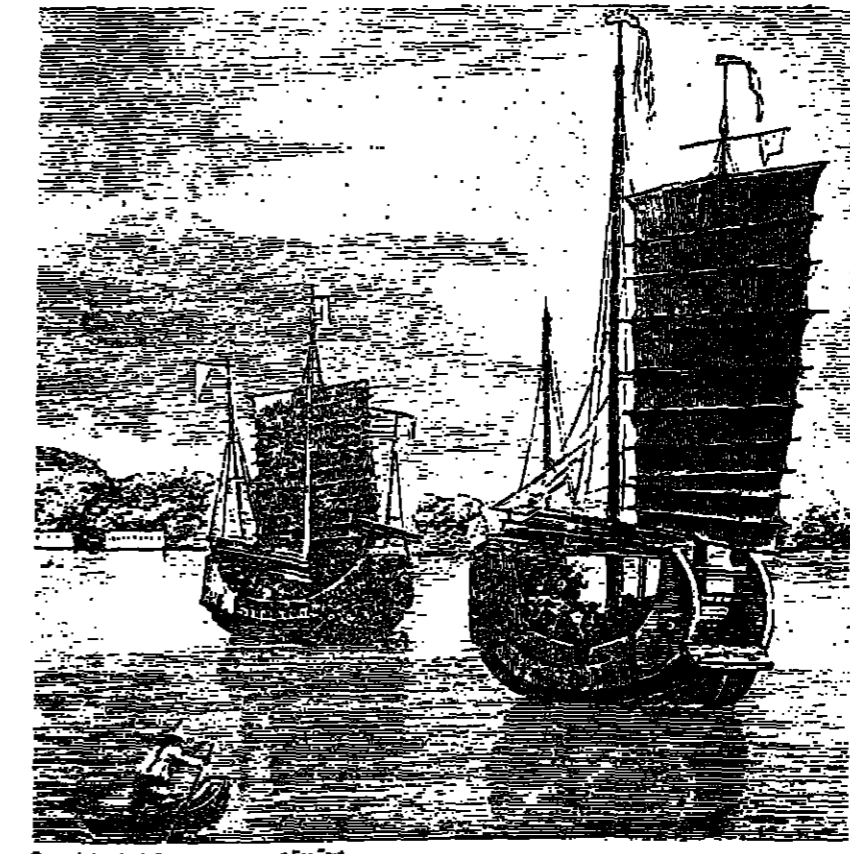


National's service to Miami departs from Heathrow at 11.15 a.m. every day, arriving in the Florida sun at 15.25. You'll step straight out into National's own terminal where our own US customs staff will speed you through. To your hotel if you're staying put in Miami. To your on-the-spot connections if you've business to do in any of the other US cities on our routes. (We even have a special \$99 unlimited mileage fare.) All flights depart from the same terminal.

LONDON	depart 11.15
MIAMI	arrive 15.25
NEW ORLEANS	arrive 18.12*
LOS ANGELES	arrive 19.43*
SAN JUAN	arrive 19.51*
HOUSTON	arrive 20.17*
LAS VEGAS	arrive 21.51*

Fly National Airlines
America's warmest welcome
National Airlines is incorporated in the state of Florida, USA.

The development of international trade owes much to the foresight of merchant bankers.



The earliest method of international trade was by barter. The introduction of money and the eventual acceptance of foreign currencies accelerated the flow of goods and services. Here the skills and flexibility of merchant bankers played an invaluable role.

Today, BHF-BANK continues in the fine tradition of its early merchant banking role. It provides the full range of international commercial banking facilities, such as payments, collections and documentation to more sophisticated capabilities like buyers' credits, a forfait transactions, and ex-imp finance.

For the unrivalled financial expertise of a management with personal liability, rely on a merchant banker. BHF-BANK.

BHF-BANK Merchant Bankers by Tradition. Resourceful by Reputation.

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HEAD OFFICE: BOCKENHEIMER LANDSTR. 10, 6000 FRANKFURT, TEL: 7181 • NEW YORK BRANCH: 450 PARK AVENUE, NEW YORK, N.Y. 10022, TEL: 753-9300
LONDON REPRESENTATIVE OFFICE: 25, BIRCHIN LANE, LONDON EC3, TEL: 623-9715 • BHF-BANK INTERNATIONAL, 88 GRAND-RUE, LUXEMBOURG
BHF-FINANZ AG, MYTHENQUAI 28, 8002 ZÜRICH • OFFICES IN: SINGAPORE • JOHANNESBURG • NEW YORK • SINGAPORE • TEHRAN • TOKYO

Consolidated Plantations Limited

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the above-named Company will be held at The Regent of Kuala Lumpur Hotel, Jalan Imbi, Kuala Lumpur, Malaysia on Wednesday the 28th day of November, 1979 at 12.20 p.m. (or so soon thereafter as the Meeting of the holders of the Scheme Shares (as defined in the Scheme of Arrangement hereinafter mentioned) convened for that date by direction of the Court shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following Resolution, which will be proposed as a SPECIAL RESOLUTION:

- SPECIAL RESOLUTION**
- THAT:
- (i) for the purpose of giving effect to the Scheme of Arrangement dated 5th November, 1979 (the "Scheme") and circulated with the notice convening this meeting, the capital of the Company be reduced by cancelling the Scheme Shares (as in the Scheme defined);
 - (ii) the capital of the Company be further reduced by cancelling all (if any) of the Shares of the Company issued between 28th November, 1979 and the day immediately preceding the date of the hearing of the petition to sanction the Scheme (both days inclusive) as a result of the exercise by holders of the Warrants of the Company of the subscription rights attached to such Warrants, such cancellation to be on the same terms and for the same consideration as the Scheme Shares are cancelled pursuant to the Scheme; and
 - (iii) forthwith upon the aforesaid reductions of capital taking effect the share capital of the Company be increased by the creation of such number of Shares of 10p each as shall be requisite to restore the same to its former amount and the credit arising as a result of such reductions of capital be applied in paying up in full the Shares so created, such Shares to be allotted and issued credited as fully paid to Consolidated Plantations Berhad or its nominees.

DATED 5th November, 1979.
By Order of the Board,
WONG TET QNN
Secretary.

Registered Office:
3rd Floor,
52/54 Leadenhall Street,
London EC3A 2AB.

- Notes—
- A member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company.
 - To be valid, forms of proxy must be lodged:—
 - (i) in the case of members registered on the United Kingdom Register of the Company with Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL, England; and
 - (ii) in the case of members registered on the Malaysian Register of the Company with The Registrar, Consolidated Plantations Limited, 3rd Floor, President House, 54A Jalan Imbi, Kuala Lumpur, Malaysia;
- and in both cases not less than 48 hours before the time appointed for the meeting or adjourned meeting at which it is to be used.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on November 5, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise.

In some cases market rates have been calculated from those of foreign currencies to which they are related. Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parity; (S) based on sterling/dollar rate; (5) member of the sterling area other than Scheduled Territories; (T) tourist rate; (B) basic rate; (bg) buying rate; (Bk) bankers' rate; (Cm) commercial rate; (Cn) convertible rate; (F) financial rate; (Fxc) exchange certificate rate; (K) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (of) official rate; (sg) selling rate.

Table with columns: PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING. Lists various countries and their exchange rates.

£ & \$ steady in quiet trading

Sterling and the U.S. dollar traded quietly in currency markets yesterday in the absence of any fresh news to influence trading. The dollar finished around its best level for the day and showed a marginal improvement overall from Friday's levels.

The U.S. unit was also firmer against the yen at ¥236.50 from ¥234.50 previously. On Bank of England figures, its trade weighted index rose from 86.6 to 86.7.

Sterling opened at \$2.0650 on initial selling before recovering on the day. The dollar finished at \$2.0670. By noon it had settled back to \$2.0625 where it stayed for much of the afternoon before improving to a high point of \$2.0720.

Trading for much of the day was very thin and movements were prompted by comparatively small amounts. Sterling finished at \$2.0685-2.0695 a rise of 25 points from Friday.

Within the EMS the Italian lira remained the most improved currency having been briefly overtaken during the day by the Danish krone as the latter reacted to the announcement of a two-month wage and price freeze in Denmark.

THE DOLLAR SPOT AND FORWARD

Table with columns: Nov. 5, Day's spread, Close, One month, % Three months, % Six months. Lists dollar spot and forward rates for various countries.

THE POUND SPOT AND FORWARD

Table with columns: Nov. 5, Day's spread, Close, One month, % Three months, % Six months. Lists pound spot and forward rates for various countries.

CURRENCY RATES

Table with columns: Nov. 5, Bank Special, European, Currency, Nov. 5, Bank of, Morgan, England, Germany, Index, % change. Lists various currency rates.

OTHER MARKETS

Table with columns: Nov. 5, 1, 2, 3, Note Rates. Lists other market data.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: ECU central, Currency, % change, % change, Divergence, Unit. Lists EMS European Currency Unit rates.

EXCHANGE CROSS RATES

Table with columns: Nov. 5, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc. Lists exchange cross rates.

EURO-CURRENCY INTEREST RATES

Table with columns: Nov. 5, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen. Lists Euro-currency interest rates.

INTERNATIONAL MONEY MARKET

Paris call money up

European interest rates remained generally firm yesterday, with Paris call money rising to 11 1/2 per cent from 11 per cent, following Friday's increase of 1/2 per cent in the Bank of France's discount rate.

GOLD

Firmer trend

Gold improved by \$51 an ounce in the London bullion market yesterday in dull and featureless trading to finish at \$380.1-381.1.

UK MONEY MARKET

Nervous trading

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Short-term fixed period interest rates were very firm in nervous trading yesterday, amid fears of a possible rise in bank base rates and Bank of England Minimum Lending Rate in the near future.

MONETARY RATES

Table with columns: Nov. 5, 1979, Sterling Certificate of deposit, Interbank, Local Authority deposits, Local authority negotiable bonds, Finance House Deposits, Discount, % Three months, % Six months. Lists monetary rates.

LONDON MONEY RATES

Table with columns: Nov. 5, 1979, Sterling Certificate of deposit, Interbank, Local Authority deposits, Local authority negotiable bonds, Finance House Deposits, Discount, % Three months, % Six months. Lists London money rates.

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BERLEX LABORATORIES, INC. a wholly owned subsidiary of SCHERING AG BERLIN, WEST GERMANY has acquired the INTERNAL MEDICINE BUSINESS AND CERTAIN ASSETS OF THE COOPER LABORATORIES DIVISION of COOPER LABORATORIES, INC. We acted as financial advisor to Schering AG and assisted in the negotiations. BLYTH EASTMAN DILLON & Co. INCORPORATED November 2, 1979

'THE PROSPECTS FOR THE EUROMARKETS IN 1980' issue of THE BANKER will include: How will the Euromarkets settle down after the upheavals of '79? How to make rescheduling more efficient? The British banks in the Euro-Currencies, Credits and Bond markets after UK exchange controls abolition? The rapid growth of the Euro-Dm markets? The American banks abroad? Who are the leading banks in the Euro-Currencies, Credits and Bond markets? For full information about advertising and the details of the editorial content, contact: Robert Piper or Christina Yeo at The Banker, Munster House, Arthur Street, London EC4R 9AX. 01-623 1211. Telex 8814734.

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WORLD STOCK MARKETS

Companies and Markets

Early Wall St. fall of 6.9 on oil worries

RENEWED CONCERN about oil supplies and pricing further undercut an already weakening Wall Street stock market yesterday morning and prices retreated in light trading. The Dow Jones Industrial Average declined 6.91 to 812.93 at 1 p.m., and the NYSE All-Common Index lost 42 cents to 2,577.77, while falling outnumbers rose by a nine-to-four ratio. Turnover contracted to 14.50m shares from last Friday's 1 p.m. level of 17.94m. Analysts said investors were concerned about threats of an oil embargo against the U.S. by Iran, and by plans to raise prices announced by Nigeria. Additionally, the United Arab Emirates said they may cut back on production and raise prices. Analysts also noted that the stock market has bottomed out and that interest rates have peaked. Institutions often provide support in a weak market by bargain hunting among depressed issues. Oil issues topped the action. Closing prices and market reports were not available for this edition.

Electric Y9 to Y777, Canon Y9 to Y583 and Hitachi Y3 to Y232, but Pioneer Electronic improved Y40 to Y1940. Vehicles fell despite higher registrations in October. Resources issues closed mixed after a firm start. Tetko Oil shed Y10 to Y86 and Nippon Oil Y10 to Y2,100, but Mitsui Mining gained Y6 to Y566. Trading Houses provided a strong sector, buoyed by reports on the Continental Shelf between Japan and China may start soon. Japanese and Chinese officials are meeting this week for further discussions of the joint project, and there is market speculation that something may come out of the conference, giving Trading Houses an increasing role in transportation of oil. Nissin advanced Y39, while Mitsui, Mitsubishi and Sumitomo each gained Y4. Sumitomo went up Y3 and Y12. Non-Ferrous Metals also firmed, reflecting good earnings prospects, with Nippon Mining adding Y9 to Y327 and Dow Metal Y3 to Y353. Shipping Lines rose initially, but finished lower on balance.

Stocks further advanced sharply across the board in hectic trading, led by Properties and Blue Chips. The Hang Seng Index advanced 29.30 stronger at 727.40, its highest level since closing at 735.15 on July 27, 1973. Dealers attributed the heavy buying to large-scale local speculation prompted by excessive liquidity from a soft gold market, easy money rates and margin buying. Local buyers were absorbing all available shares, with strong demand also coming from Singapore and Malaysia. Turnover on the four Hong Kong exchanges swelled to HK\$322.52m. Hong Kong Land rose 80 cents to HK\$12.30, the 1980 Warrants 35 cents to HK\$2.25. Cheung Kong advanced HK\$1.10 to HK\$20.40, Sun Hung Kai Properties HK\$1.40 to HK\$18.00, Hutchison Properties 60 cents to HK\$16.00, Swire Properties 15 cents to HK\$2.50, and the 1980 Warrants 35 cents to HK\$2.50. Among Blue Chips, Jardine Matheson moved ahead HK\$1.40 to HK\$14.00, HSBC 30 cents to HK\$16.00, and the 1980 Warrants 35 cents to HK\$2.50. Wharfedale HK\$1.00 to HK\$4.00.

Indices

Table with columns for Index Name, Nov 5, Nov 1, Oct 31, Oct 30, Oct 29, Oct 28, High, Low, 1979 High, 1979 Low, % Change. Includes NYSE, Dow Jones, Nikkei, etc.

NEW YORK

Table of stock prices for various companies in New York, including AMF, AMP, Amstar, etc.

CANADA

Table of stock prices for various companies in Canada, including Alcan, Inco, etc.

Germany

Germany lower levels prevailed after thin trading with the Commerzbank index registering a decline of 2.4 at 720.3. Market sources said that trading was soured by a general sense that West Germany's cut in high interest rates would prevent any near-term revival of share prices. Traders also mentioned an undercurrent of nervousness about a possible rise of oil prices at the OPEC meeting to take place in Venezuela. Banks, Motors and Machine issues were broadly lower. Bayerische Vereinsbank lost DM 4, while falls of DM 2.50 apiece were recorded by Volkswagen, Deutsche Babcock, Linde

Germany (continued)

Table of German stock prices, including Allianz, Commerzbank, etc.

Paris

With operators cautious following the recent round of interest rate rises in Europe and Japan and also appreciative over the latest developments in Iran, shares mostly drifted easier in light dealings. Political developments in France, including the likelihood of a French cabinet reshuffle this week following the Socialist cabinet Minister Robert Boulin, also contributed to the "wait-and-see" attitude on the bourse. The heaviest falls occurred among Banks, Oils and Mechanicals and also appreciative over the latest developments in Iran, shares mostly drifted easier in light dealings. Paris-France, suspended since October 11 pending a bid for control of the company by two rival groups, Radar and Au Printemps, resumed yesterday, the shares closing at PFR 335, up PFR 9 from the previous level. Au Printemps is bidding PFR 325 for each Paris-France share.

Paris (continued)

Table of Paris stock prices, including Air France, Bouffes du Parc, etc.

Germany (continued)

Table of German stock prices, including AGF, Allianz, etc.

TOKYO

Table of Tokyo stock prices, including Asahi Glass, Dai Nippon, etc.

CANADA (continued)

Table of Canadian stock prices, including Alcan, Inco, etc.

BRUSSELS/LUXEMBOURG

Table of Brussels/Luxembourg stock prices, including Arbed, Cockerill, etc.

COPENHAGEN

Table of Copenhagen stock prices, including Andelsbanken, Danmarks Bank, etc.

SWITZERLAND

Table of Swiss stock prices, including Aluminium, BCB, etc.

MILAN

Table of Milan stock prices, including ANIC, Fiat, etc.

VIENNA

Table of Vienna stock prices, including Creditanstalt, Perimeter, etc.

Vertical advertisements on the right margin, including 'U.S. Farm', 'Shea', and 'The Brokers'.



U.S. farm export peak likely

WASHINGTON — U.S. agricultural exports are expected to increase to a record \$38bn in the current financial year to September, almost 20 per cent above last year.

The lower end of the range would be achieved if the slow-down in economic activity in major importing countries was more severe than expected.

Southern Peru fishing curb

LIMA — Fishing in the southern zone of Peru, from Ilo to the Chilean frontier has been suspended.

Farm aid

TEL AVIV — The agreement on agricultural co-operation between Israel and Canada, signed at the beginning of this year, will shortly be expanded.

Heavy buying boosts sugar market to new peak

BY CHRISTOPHER PARKES

HEAVY BUYING OF sugar by Iran over the weekend gave a fresh boost to futures values on the London Market yesterday.

The March position for raws closed at £178.45 a tonne, £3 higher than Friday's close.

U.S. pressed to delay tin sales

BY RICHARD MOONEY

THE U.S. has been urged to hold back releases of stockpile tin at a time when supply appears to be moving towards a surplus.

Call for free Community trade

BY JOHN EDWARDS, COMMODITIES EDITOR

THE PRESENT lack of harmonisation within the EEC was intolerable, the Hon John Sainsbury told a Poultry Industry conference in Birmingham yesterday.

Pakistan might ultimately need 100,000 to 200,000 tonnes to make good harvest failures.

Officials said mills were setting new sugar output records and because of a record harvest of nearly 4m tonnes of cane would not complete the 1979 crushing season until January.

Grimsby fish chief resigns

Mr. Fred Parkes, part-owner of Grimsby Lads, the Grimsby trawler suspected of breaking the EEC ban on North Sea herring fishing, has announced his resignation as chairman of the National Federation of Fishermen's Organisations.

Rubber pact attacked

KUALA LUMPUR — The president of the Malaysian Agricultural Producers Association, Gan Teck Yew, believes the supply of natural rubber will fall short of demand by as much as 500,000 tons by 1985.

Copper pact

Changes in LME warehouse stock levels last week were broadly in line with expectations for copper falling 1,400 to 145,650 tonnes.

China's agricultural progress

Transition to the machine age must be slow. A People's Daily article recently observed that agricultural mechanisation in South China left much to be desired.

CHINESE AGRICULTURE Grand Plan switches into low gear

BY JOHN HOFFMANN IN PEKING

There is a story, perhaps mythical, perhaps apocryphal, of an encounter between a team of Chinese farmers and their commune's new tractor.

The quality was poor and 30 per cent of them would not work at all of those that did, some were useless because they were too big to negotiate the tiny paddies and narrow paths that make up much of China's farmland.

Australia wins livestock contract

AUSTRALIA HAS achieved another world-first in trade with China with the signing of a contract for pasture and livestock development in Hunan Province.

Recent conference recognised that many people believe machines did not know enough about them, resulting in widespread damage during operation.

Other communes have experimented with mechanisation with even worse results. Some have replaced men with machines and found themselves burdened with an expensive, unemployable force of redundant farmers.

PRICE CHANGES

Nov. 5 1979

Table with columns for commodity names, current prices, and price changes. Includes items like Metals, Rubber, Soybean Meal, and various oils.

AMERICAN MARKETS

NEW YORK, November 5. THE GOLD and silver markets showed good advances in response to the unrest in Iran.

Table showing American market prices for commodities like Gold, Silver, and various oils.

EUROPEAN MARKETS

ROTTERDAM, November 5. Wheat—U.S. No. 2 Dark Hard Winter, 13.00; No. 3, 12.75; No. 4, 12.50.

Table showing European market prices for commodities like Wheat, Soybean Meal, and various oils.

INDICES

Table showing various financial indices and their values.

MOODY'S

Table showing Moody's credit ratings and related data.

MEAT/VEGETABLES

Table showing prices for meat and vegetable commodities.

Wool Futures

Table showing wool futures prices and market activity.

REUTERS

Table showing Reuters market data and indices.

BRITISH COMMODITY MARKETS

BASE METALS. COPPER—Barely changed on the London Metal Exchange.

Table showing British commodity prices for metals like Copper, Tin, and Zinc.

COFFEE

Robusta opened slightly easier as the January 1980 tender to close down the market.

Table showing coffee prices for Robusta and Arabica.

GRAINS

LONDON GRAIN FUTURES—The market opened 1/2 higher on the wheat volume was fairly hefty.

Table showing grain prices for Wheat, Barley, and Oats.

WHEAT

YESTERDAY'S WHEAT—The market opened 1/2 higher on the wheat volume was fairly hefty.

Table showing wheat prices for various grades.

SILVER

Silver was fixed 8.2p an ounce higher for spot delivery in the London bullion market yesterday.

Advertisement for Shearson, The Brokers to Consider For U.S. Commodity Trading. Includes contact information and a list of services.

Promotional Gifts advertisement featuring keyrings, pens, and other items.

Manhattan Windsor advertisement for stationery and office supplies.

LONDON STOCK EXCHANGE

Companies and Markets

Gloomy business survey and higher interest rates fears depress markets—Index at 2½-year low of 421.0

Account Dealing Dates

*First Declara- Last Account Dealings Days Dealings Day Oct 23 Nov. 1 Nov. 12 Nov. 23 Nov. 15 Nov. 16 Nov. 26 Nov. 29 Nov. 30 Dec. 10

Stock markets experienced no relief from the depression prevalent over the past two days as the first day of the new trading Account got underway yesterday.

Increased pressure on money market rates and talk of a rise in clearing bank base rates as soon as the British Petroleum issue is out of the way led to the dismal session in gilt-edged securities.

Long-dated issues sustained falls of a similar magnitude before bear-covering in the afternoon hours' trade reduced the losses in both sectors by 1/2 or so.

The latest FT Business Opinion Survey with its conclusion of a three-year low in business confidence added to the recent succession of adverse market influences including the recent lifting of exchange controls and fears of industrial confrontation in the winter months.

An attempted rally around mid-day quickly fizzled out and sentiment in the afternoon was given a further jolt by the October wholesale price indices.

A further contraction of demand for Traded options resulted in a total of 588 contracts completed, compared with Friday's 678 and last week's average of 828.

deals respectively, while ICI were also well to the fore with 91.

Banks down again

Dull conditions prevailed in the major clearing banks. Talk increased of a rise soon in base lending rates and Barclays and Lloyds closed 12 down at 370p and 268p respectively.

Increased pressure on money market rates and talk of a rise in clearing bank base rates as soon as the British Petroleum issue is out of the way led to the dismal session in gilt-edged securities.

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national eased 2 further to 101p.

Among Paints, Menders dipped 10 to 148p on a withdrawal of speculative support. Buying ahead of today's interim results lifted Roberts Adlard 4 to 140p.

Stores retreat

Stores started the new Account in the same depressing manner as they had finished the old, retreating further on renewed selling and the lack of support.

Particularly vulnerable of late, Burton A showed a fresh fall to 185p, while Marks and Spencer eased 2 to 88p, as did UDS to 80p.

Increased pressure on money market rates and talk of a rise in clearing bank base rates as soon as the British Petroleum issue is out of the way led to the dismal session in gilt-edged securities.

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Marionel 4 cheaper at 166p.

Revised selling prompted a reaction of 4 to 166p in Matthew Hall and similar losses were sustained by Stothert and Pitt, 123p, Spirax-Sarvo, and Hill and Smith, 43p.

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came on offer at 310p, down 23.

Vinten declined 6 to 118p. Noralis gave up 8 to 240p and Negretti and Zambra lost 4 to 46p.

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slightly higher annual profits.

Among Paper and Kindred issues, Mills and Allen met with selling and declined 17 to 265p, Associated Paper also came under pressure and closed 4 lower at 41p.

Stores retreat

Stores started the new Account in the same depressing manner as they had finished the old, retreating further on renewed selling and the lack of support.

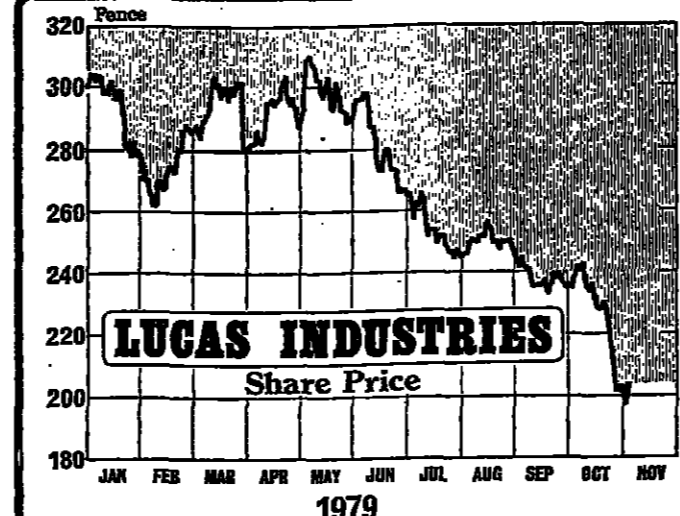
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Long-dated issues sustained falls of a similar magnitude before bear-covering in the afternoon hours' trade reduced the losses in both sectors by 1/2 or so.

FINANCIAL TIMES STOCK INDICES table with columns for Nov. 5, Nov. 6, Nov. 7, Oct. 31, Oct. 30, Oct. 29, and a Year Ago column.

HIGHS AND LOWS and S.E. ACTIVITY tables showing price movements for various stock categories.



may lead to a major acquisition. Down 18 on Friday following the police raids on four of its London casinos.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Equity Groups & Sub-sections, Mon. Nov. 5, 1979, and Year Ago (approx.)

ACTIVE STOCKS

Table of Active Stocks with columns for Stock, Denomina- marks, Closing price (p), Change on day, 1979 high, 1979 low

OPTIONS

Table of Options with columns for DEALING DATES, First Last, Deal- Declara- Settlement

RECENT ISSUES

Table of Recent Issues with columns for Issue Price, Amount, Latest Price, High, Low, Stock

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks with columns for Issue Price, Amount, Latest Price, High, Low, Stock

"RIGHTS" OFFERS

Table of Rights Offers with columns for Issue Price, Amount, Latest Price, High, Low, Stock

LONDON TRADED OPTIONS

Table of London Traded Options with columns for Option, Ex'cise, Closing price, Vol., Closing offer, Vol., Closing offer, Vol., Equity close

UNIT TRUST SERVICE

Advertisement for Unit Trust Service listing various investment funds and their details.

Table of Fixed Interest Price Indices with columns for British Govt. Ar. Govt. Red, Mon. Nov. 5, Fri. Nov. 2, Year Ago (approx.)

*Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgmt. Co., Allied Harms Unit Tr. Mgmt., and others, including their names, managers, and performance data.

Table listing unit trusts such as Target Tr. Mgmt. Ltd., Tower Unit Tr. Mgmt. Ltd., and others, including their names, managers, and performance data.

Table listing unit trusts such as London A'Heen & Nihm, Scottish Widows' Group, and others, including their names, managers, and performance data.

Table listing unit trusts such as Capital International S.A., Charterhouse Invest, and others, including their names, managers, and performance data.

INSURANCE PROPERTY BONDS

Table listing insurance and property bond products such as Abbey Life Assurance Co. Ltd., ABEV Life Assurance Ltd., and others.

OFFSHORE & OVERSEAS FUNDS

Table listing offshore and overseas funds such as Alexander Fund, Allen Harvey & Ross Unit Tr. Mgmt., and others.

NOTES: Details regarding the information provided, including disclaimers and contact information for the FT Unit Trust Information Service.

BRIMS CONSTRUCTION WITH CONFIDENCE BRIMS & CO. LTD. NEWCASTLE UPON TYNE

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Stock, Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Stock, Price, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Stock, Price, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, and Yield.

Hire Purchase, etc.

Table of Hire Purchase, etc. with columns for Stock, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Stock, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Stock, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Stock, Price, and Yield.

CANADIANS

Table of Canadian stocks with columns for Stock, Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Stock, Price, and Yield.

ELECTRICALS

Table of Electricals with columns for Stock, Price, and Yield.

INTERNATIONAL BANK

Table of International Bank with columns for Stock, Price, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Stock, Price, and Yield.

LOANS

Table of Loans with columns for Stock, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Stock, Price, and Yield.

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ALCOHOLS, PLASTICS

Table of Alcohols, Plastics with columns for Stock, Price, and Yield.

ENGINEERING—MACHINE TOOLS

Table of Engineering—Machine Tools with columns for Stock, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Stock, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Stock, Price, and Yield.

INDUSTRIALS (Miscellaneous)

Large table of Industrial (Miscellaneous) stocks with columns for Stock, Price, and Yield.

هكدام التحويل

INDUSTRIALS—Continued. Table listing various industrial stocks with columns for stock name, price, and other financial metrics.

INSURANCE—Continued. Table listing insurance companies and their stock prices.

PROPERTY—Continued. Table listing property-related stocks and their prices.

INVESTMENT TRUSTS—Cont. Table listing investment trusts and their performance.

FINANCE, LAND—Continued. Table listing financial and land-related stocks.

MINES—Continued. Table listing mining companies and their stock prices.

CENTRAL AFRICAN. Table listing stocks from Central Africa.

LEISURE. Table listing leisure-related stocks.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft trade stocks.

SHIPPING. Table listing shipping-related stocks.

SHOES AND LEATHER. Table listing shoes and leather goods stocks.

SOUTH AFRICANS. Table listing South African stocks.

TEXTILES. Table listing textile industry stocks.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing stocks.

PAPER, PRINTING ADVERTISING. Table listing paper, printing, and advertising stocks.

PROPERTY. Table listing property stocks.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land stocks.

TOBACCOS. Table listing tobacco industry stocks.

FINANCE. Table listing financial stocks.

DIAMOND AND PLATINUM. Table listing diamond and platinum stocks.

OPTIONS 3-month Call Rates. Table listing options and call rates.

NOMURA The Nomura Securities Co., Ltd. Japan's leader in international securities and investment banking.

MINES—Continued CENTRAL AFRICAN. Table listing Central African mining stocks.

AUSTRALIAN. Table listing Australian stocks.

TINS. Table listing tin-related stocks.

COPPER MISCELLANEOUS. Table listing copper and miscellaneous stocks.

RUBBERS AND SISALS. Table listing rubber and sisal stocks.

TEAS India and Bangladesh. Table listing tea stocks from India and Bangladesh.

Sri Lanka Africa. Table listing stocks from Sri Lanka and Africa.

MINES CENTRAL RAND. Table listing Central Rand mining stocks.

EASTERN RAND. Table listing Eastern Rand mining stocks.

FAR WEST RAND. Table listing Far West Rand mining stocks.

REGIONAL MARKETS. Table listing regional market data.

OPTIONS 3-month Call Rates. Table listing options and call rates.

DIAMOND AND PLATINUM. Table listing diamond and platinum stocks.

Notes section providing additional information and disclaimers.

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Belgium seeks \$1bn loan

By Giles Merritt in Brussels and John Evans in London BELGIUM HAS asked its major commercial banks to arrange a \$1bn (£85m) state borrowing on the international capital markets.

This will be the largest single overseas transaction so far from the Belgian Government, which has begun to borrow again in foreign markets over the past few months after relying on its domestic capital markets for nearly a decade.

The financing is likely to be only the first in a succession of major borrowings abroad by Belgium; the mounting state deficit is expected in Brussels banking circles to require a further loan of similar size by early next year.

The latest borrowing itself represents no more than a consolidation of part of BFRs 530m to BFRs 540m (£88m-£90m) in short-term loans raised by Belgium in Deutsche-marks and Swiss francs earlier this year.

At the same time, the BFRs 550m shortfall that existed in May between Belgium's 1979 public borrowing requirement of BFRs 352m and the amount that the domestic capital market is historically capable of supplying has increased sharply.

The latest loan will be managed by Banque Bruxelles Lambert, Banque de Paris et des Pays-Bas Belgique, Kredietbank and Societe Generale de Banque.

The final details are now being worked out, but it will be launched with a proposed maturity of eight years. The interest cost is likely to be linked to margins of between 1/2 and 3/4 percentage points over Eurodollar inter-bank rates—the sort of favourable terms which highly-rated borrowers such as France and Britain have been able to obtain this year.

Euromarkets Page 23

CHRYSLER SALES FALL BY 37%

U.S. car market collapses

By IAN HARGREAVES IN NEW YORK

ALL THREE big U.S. car manufacturers yesterday reported a collapse in October car sales, providing a disastrous start to the 1980 model year.

Chrysler, fighting for its life with the aid of a proposed \$1.5bn Government rescue package, saw its sales plummet 37 per cent to an October 1979 total of 65,293 units.

It replaces a credit of more than \$1.4bn, but Chrysler Financial said yesterday it hoped the arrangement would be expanded in the near future to include more banks.

Chrysler must raise either through selling assets or from outside sources. Chrysler also announced that it is reintroducing the cash rebate system to buyers of its unpopular larger cars in an attempt to stimulate sales.

France given extra day to reply on lamb ban

By MARGARET VAN HATTEM IN BRUSSELS AND CHRISTOPHER PARKES IN LONDON

THE EEC Commission yesterday instructed its lawyers to prepare further legal proceedings against the French Government over its illegal import curbs on British lamb.

Commission's decision last Wednesday authorising Mr. Fian Olav Gundelach, the Farm Commissioner, to open new proceedings if necessary against the French.

barrier to free trade designed to protect UK dairy farmers rather than public health. They have been planning to send test shipments to Britain early in the new year in the hope of provoking legal action.

At the same time the Commission has been preparing a case against a British ban on imports of liquid milk from other Community countries.

The court has already examined the British milk embargo, and recently ruled that the ban was permissible temporarily because Continental milk producers use metric packs which cannot be sold legally in Britain until January 1.

British farmers fear that imported milk—which, in practice, would be ultra-heat-treated milk—could be sold in supermarkets for 2p a pint less than the UK product, and so undermine their prices.

Japan fails to settle leadership

By Charles Smith, Far East Editor in Tokyo

AN ATTEMPT to solve Japan's crisis by a compromise agreement between Mr. Masayoshi Ohira, the Prime Minister, and his opponent, Mr. Takeo Fukuda, former Prime Minister, failed yesterday.

Mr. Fukuda first announced his withdrawal from the leadership race, then claimed to have misunderstood the terms offered by Mr. Ohira.

The misunderstanding centred on whether Mr. Ohira had promised to step down from the party presidency in advance of a special convention scheduled to be held next January.

Prior may change Hunterston port status

By NICK GARNETT, LABOUR STAFF

MR. JAMES PRIOR, Employment Secretary, said yesterday that he would consider urgently their request that Hunterston on the Clyde be made a designated port within the National Dock Labour Scheme.

The corporation is prepared to accept production at its Ravensraig steelworks at the end of the month unless the dispute is resolved.

The implementation of a manning agreement between the two unions, reached at the weekend, depends upon the Government starting the process to make Hunterston a Dock Labour Scheme port.

that union officials had given an "explicit and unequivocal" guarantee that by making their request on Hunterston they were not requesting a change in the status of other ports.

EEC urged to act on trade pact breaches

By JOHN ELLIOTT, INDUSTRIAL EDITOR

THE European Commission is to be urged by the Confederation of British Industry to take tougher action against countries which break international trade agreements and block exports of goods such as textiles and footwear from the UK.

at Birmingham rejected its leaders' advice and voted by a two-to-one majority for a resolution from footwear manufacturers demanding a tougher approach.

first time that the CBI's leadership has been defeated by its conferences. In the past two years it has been overturned on taxation levels and employee participation legislation.

as fibres and other parts of textiles, knitwear and footwear. They said they could not export effectively to a third world countries which erected barriers and delays contrary to international agreements.

BNOC

operators delayed their action until Nigeria followed suit. The Nigerian Government confirmed yesterday that its prices will be raised by about \$2.70 a barrel from today. This will bring its price levels to between \$24.77 and \$25.27 a barrel.

Fall in Sterling

year this index has risen by 20 1/2 per cent to 175.7 (1975=100). The impact can be seen even more clearly in the cost index for manufacturing industry after excluding food, drink and tobacco companies.

New managing director for BL Belgium

MR. GORN McGREGOR AITKEN, a former General Motors executive, has been appointed managing director for BL Belgium. Mr. Aitken, 41, has held senior posts with General Motors in France and Belgium for more than 15 years.

Weather

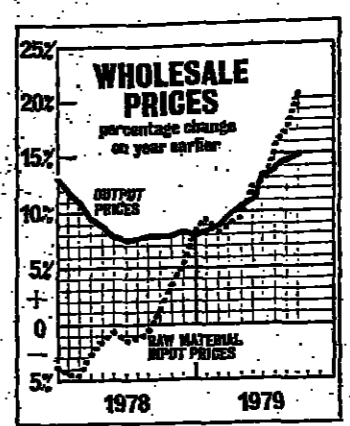
UK TODAY SHOWERS in north. Rain in central and southern areas. London, S.E. England, E. Anglia. Dry and bright. Rain later. Max. 12C (54F).

Table with columns for location, weather, and temperature. Includes entries for London, Midlands, Channel Is., N.W. England, Rest of Scotland, and a WORLDWIDE section with various international locations.

THE LEX COLUMN Lucas in between the strikes

Pressure on interest rates intensified yesterday, with general rises of about 1 point in the money markets. Rates are now close to 15 per cent, up nearly a full point on the level of a month ago, and make bank base rates of 14 per cent look vulnerable out of line.

Index fell 10.7 to 421.0



to the National Food survey, it is still running about 3 per cent down on a year ago. (ABF has a third of the market.) Last year ABF lost around £5m in the second half as a result of the bread strike and all being well it should be able to pick this up in the current half, with the result that in 1979-80 baking could swing from an estimated £2m loss to £5m profit, say. However, the key impediment for the next 12 months is the size of ABF's planned bread price increase.

Lucas Industries

In the prevailing gloom analysts had been revising down their estimates for Lucas Industries, especially because of the strength of sterling towards the end of the year-end date. But in the event Lucas has turned in £70.7m pre-tax, and although that is £2.4m down on 1977-78 it incorporates an improvement of over £1m in the second six months.

several more years before the full benefits of rationalisation are seen. However, given a reasonable run of luck Lucas as a whole could show a modest profit rise in the current year, and cash flow remains strong enough to fund heavy capital spending and R and D outgoings (nearly £100m between them last year) though higher working capital requirements will send the group into cash deficit in 1979-80.

A.B. Foods

After two years of stagnation, Associated British Food's profits are starting to move ahead once again. At the half-way stage pre-tax profits are 17.5 per cent higher at £39.6m, and barring another bakery strike, full year profits could be up from £78.9m to £95m.

The big jump in manufacturers' input prices brought home to the market yesterday the ugly inflationary implications of the recent weakness of sterling. The pound is now 10.6 per cent down on a trade-weighted basis from its July peak. Much of the 3.5 per cent October rise in input prices is likely to work through into retail prices within two or three months, because a large element in the increase was higher oil prices, which manufacturers tend to pass on quickly.

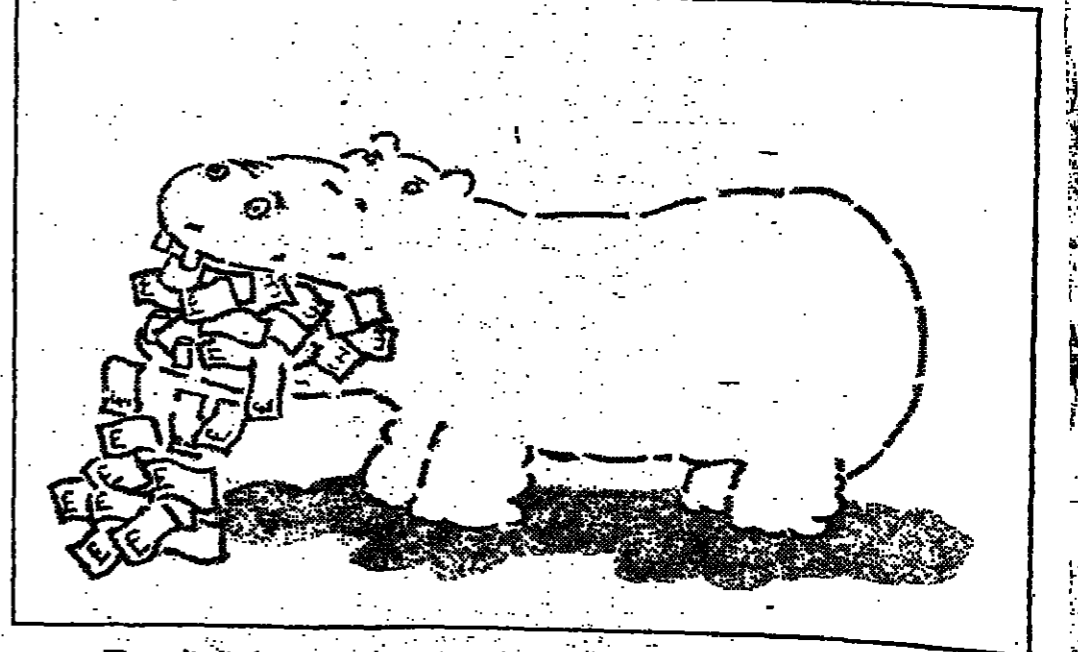
General Motors

The disappointing is the aviation division, still struggling to make a profit despite a bulging order book, and it will be

the weakening in the pound has come at just the wrong time for the Government. It means inflation could move up to about 20 per cent early next year, at the most critical stage of the pay round.

During the summer the financial markets were relatively relaxed about the acceleration of inflation because of confidence in the effectiveness of monetary policy, and because while sterling was firm there was severe pressure on employers to resist high wage claims. Now the protection of a high sterling exchange rate has been partly removed, and the money squeeze is not preventing a surge in inflation to higher levels than was foreseen.

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